

SEPTEMBER • 1949

# Nation's BUSINESS





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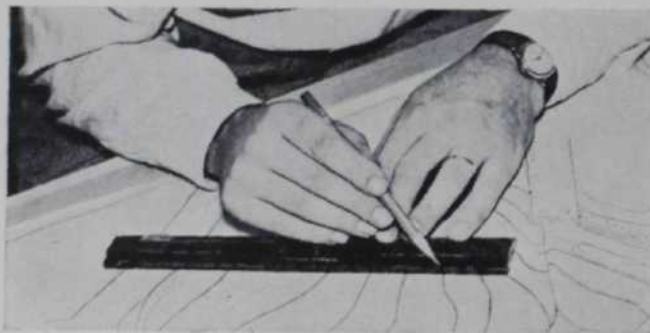
# STARTED a business with his pajamas waistband!

Starting a business on a shoestring is old stuff! Joe Gerber found a snappier way . . .

He landed in this country in 1940, sixteen years old, stony broke, a Viennese refugee from Hitler's Reich . . . learned English on his first job as a bus boy . . . worked summers and spare time, completed high school in two years . . . won a scholarship to Rensselaer Polytechnic Institute, which he finished in less than three years!

Once at RPI, a strenuous social season interfered with aeronautical engineering—and Joe found himself three weeks behind in class assignments. That night he took the elastic strip from his pajamas waistband, marked a scale on it . . . and with this rubber ruler speedily solved problems in proportions, spacing, interpolations—knocked off three weeks work in two nights!

**F**ROM the rubber ruler, he developed the Gerber Variable Scale which saves 75% of the time normally spent in engineering calculations in many industries; and has been recommended as standard equipment for US Air Force and the Navy. Today, at 25, Joe Gerber has his own business, making scientific instruments . . . and this country has a valuable citizen.



You'll get a lot of inspiration and ideas out of this story . . . and want to pass it along to recent college graduates and young people who wonder if there are still opportunities for them in this country. Make a mental memo now—not to miss "A Quick Spring to Success," by Arthur Bartlett—in the next issue of this magazine! . . . As well as a dozen other articles . . . helpful, interesting, and exclusive . . .



## NB for businessmen . . .

UNIONS . . . in 1921 had 4 million members, in '29 had 2.9 million . . . today have 15 million, and face a buyer's market . . . Donald Robinson discusses the situation in "Labor Trims Ship."

CVA . . . The Columbia Valley Authority would control 9% of US land area . . . is a threat to democratic government . . . Robert Ormond Case asks "Why a Columbia Valley Authority?"

I. Q. AND Y. I. . . . High Yankee Ingenuity is GE's guide to potential inventors . . . See "Road Test for Brains," by Mack Taylor.

BRAINS NOT BRAWN . . . make good athletes a business success in later life . . . Paul Gardner cites some convincing case histories.

**...in NATION'S BUSINESS for October**





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# Nation's Business



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## It pays to do business in New York State!

Measured by man-days available, business in New York State has lost less time through strikes over the past five years than in any of the other ten leading industrial states. For the whole story, write: *New York State Department of Commerce, Room 211, 112 State Street, Albany 7, New York.*

## About Our AUTHORS

**JACK HARRISON POLLACK**, author of "So You're Not Tall, Dark and Handsome!," reports that the last (and only) time his looks brought him any attention was when he was a year old and won a seashore beauty contest. However, he hastens to add that it was "an impartial contest in which one of my relatives happened to be the judge!"

Pollack was born, grew up and got his degree (University of Pennsylvania) in Philadelphia—a city whose beauty, his California-reared wife insists, belongs to a bygone century. After editorial, advertising and public relations stints in New York, Pollack moved on to the nation's capital, where he had no "face"—he was a ghostwriter for top bureaucrats. Later, he had occasion to observe other individuals' physiognomies and features as an investigator for two Senate committees.

**WHEN WHITNEY DARROW, JR.**, who has done the illustrations for "So You're Not Tall, Dark and Handsome!," graduated from Princeton University in 1931 he briefly considered emulating his distant legal relative, Clarence Darrow. However, instead he found himself selling cartoons to various magazines, including *The New Yorker*, where most of his drawings have appeared.

Cartooning still impresses Darrow as a strange way to make a living, an opinion shared by his wife and two small children, who hear him get to work in their sixteenth floor Manhattan apartment at 6:45 a.m. This, he points out, is a better time of day to think of funny ideas

than later over the morning headlines on world fission. He does advertising and illustration drawings along with his cartoons, which have resulted in two collections, "You're Sitting on My Eyelashes" (1943) and "Please Pass the Hostess," out this month.

**THOUGH EDWARD P. F. EAGAN** (known familiarly to the sporting world as Eddie) is now on the viewing end of boxing as chairman of the New York State Athletic Commission, time was when he was one of the best amateur boxers in the business. In fact, he took time out from his studies at Yale University to go to Paris and win the middleweight championship of the AEF and of the Inter-Allied Games. Then, in 1920, he won the National A. A. U. heavyweight title. Later that year, in Antwerp, he slugged his way to the light-heavyweight championship as a member of the American Olympic Team.

But not all of Eagan's laurels have come from tossing leather. While at Harvard Law School (where, incidentally, he annexed the university's heavyweight boxing crown) he was awarded a Rhodes Scholarship to Oxford.

There he took time out to capture the amateur heavyweight championship of the British Empire.

Returning to the states in 1927, Eagan turned down numerous profitable offers to turn professional boxer and went into business instead. He renewed his close association with the boxing game in 1945. That was when he was appointed to his present post by Governor Dewey.



Whitney Darrow, Jr.

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### Pivotal month

BUSINESSWISE this may prove to be a pivotal month in the opinion of some forecasters. The reasons offered come under two headings. For one thing there is the normal pick-up which comes along as the summer ends. Seasonal influences started this year to take their accustomed place in business affairs after the disruptions caused by the war.

The second reason is the necessity of replacement of inventories. The figures for manufacturers indicated that sizable reductions started last spring. Early this summer the long drought on forward orders was broken in some important industrial lines and replenishment started.

So, while most expert opinion maintains that the recession still has some six months or more to run, much may depend on whether trade and industrial buyers were too cautious earlier. Fall demands, which start this month, will yield the answer.

### Turnabout for cottons

ONE OF the first major victims of disinflation (before that word was coined, in fact) was cotton textiles. The decline in prices started early in 1948 but mills kept producing at a record rate until late in the year, when profits narrowed and curtailment was forced on the mills.

Both price and production adjustments have gotten to the point, W. Ray Bell, president of the Association of Cotton Textile Merchants of New York, believes, where the groundwork for revival has been laid. Unless this trend appears, he points out that the availability of goods this year could compare with depression lows.

Thus, while the mills made 67.92 square yards per capita in 1948, against 67 square yards in 1939, a

ten per cent production drop this year would afford only 62 yards per capita. This would be less than in any year except the depression years 1938 and 1930-35.

As advice to retailers and apparel producers Bell says that the point has been reached "where future benefits will come more readily from expanded selling than from overcautious buying."

### Company records

SOMEONE said once in the Army, "Give us time and we won't need a secret weapon. We will smother the enemy under the flood of our paperwork."

Business has not been able to match what the military can contrive in the way of words on paper and multiple copies thereof, but it can get swamped a bit itself. The National Records Management Council, a nonprofit organization at 100 Washington Square East, New York, is attempting to assist American business in the management and preservation of business records. Cooperating organizations are the Rockefeller Foundation, the Hoover Commission, the American Historical and Economic History Associations and New York University.

The council comes up with the fact that more than one third of a company's records can be destroyed and another third transferred to storage. Less than ten per cent must be kept indefinitely or permanently.

### Researching research

AT A meeting this winter the American Marketing Association will decide upon a program for applying research to its business of researching. Alderson and Sessions, a consulting organization of Philadelphia, have made the proposal and are willing to supply \$10,000 worth of work as their contribution. Meanwhile various



companies are being approached for what they are ready to contribute.

The idea is that marketing research needs something to approximate the pure science which underlies all the application of the physical sciences to the practical affairs of life.

"Marketing analysis," Alderson and Sessions argue, "has attempted to move directly to the stage of applied science without adequate foundations in basic science."

Since the selling of what we produce is almost as important as the production of what we strive to sell, the science of marketing may dictate whether we can find adequate means of selling what we produce. In short, the right product with the right salesmen but in the wrong markets adds up on the wrong side.

### Footnote to history

IT IS merely a footnote to history—but the war is officially over. You pick up your Sears, Roebuck fall and winter catalog. It is 1,380 pages big, the largest general catalog since the fall of 1941.

Almost 100,000 items are listed. T. V. Houser, Sears merchandising vice president, said the prices average eight per cent below the general catalog of last year when compared on a sampling basis.

Someone has suggested that one of the best ways to convince good Soviet citizens that life on this side of the Iron Curtain is not so bad as they have heard would be to distribute the mail order book in Russia. Would mouths water!

### An eye on purchasing

WITH prices doing what they are, the purchasing agent is more of a key man than ever in industry. Usually he is well informed, honest and efficient. But George A. Rawcliffe, of the Fall River Chapter of the National Association of Cost Accountants, writes to his Association that some procurement practices bear watching.

For one thing he doesn't like placing business with "old friends of the company," just because—. Nor does he fancy the delegation of purchasing authority to juniors or the failure to keep specifications up to date. On the latter count he explains that new products and slight changes might bring appreciable savings.

His suggestions for other matters to look into cover the poor circulation of price inquiries, and failure to negotiate seasonal or

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### CALIFORNIA HEATING WHOLESALE writes:

"We thank you for check in settlement of claims on policy #141-183 . . . sincerely appreciate promptness and simplicity in handling."

### NEW YORK MANUFACTURER writes:

" . . . pleased to receive check in payment of loss sustained. Have had American Credit Insurance over 20 years . . . found it very helpful in sales."

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*J. A. W. Fadden*

PRESIDENT



annual contracts. Orders are frequently placed on a hand-to-mouth basis when a long-term contract would mean less cost and a more reliable supply.

## Speed-up

A FREQUENT target of labor agitators in the past was the speed-up and stretch-out systems which were usually based on quotas and piecework payments. The criticism was justified in many instances but happily the day of the sweatshop in this country has been over for these many years.

However, since our radical orators seem to view Soviet Russia as the wellspring of everything good for the workers, it is a little surprising to learn that more than 75 per cent of the labor in that country is paid on the piecework basis "because this stimulates interest of the workers in rationalization and in mastering the new machinery." This is a statement by L. Leonidov, writing in the information bulletin published by the USSR Embassy.

Of course this speed-up of piece rates, quotas and bonuses is not like that in capitalistic countries. Overtime is allowed only in exceptional cases. Labor productivity is raised "not by overstraining the workers but by rationalizing and lightening the production processes."

Maybe so. But we have an idea of how an American worker would reply to these \$5 words. "Nerts!" is our guess.

## More oldsters

NEXT year's census will show more than 11,000,000 people of 65 years and older, according to an estimate quoted recently by Dr. Louis I. Dublin, second vice president and statistician of the Metropolitan Life Insurance Company. This will represent 7.6 per cent of our population, a proportion which is double what it was 50 years ago and in numbers almost four times as many.

Meanwhile, as Dr. Dublin explains, the expectation of life at 65 years of age is now  $13\frac{2}{3}$  years or about two years more than it was in 1900.

Various problems are presented by this older population, and economic difficulties take a top position. Dr. Dublin points out that in 1945 at the peak of the war effort only one third of the 65 plus population was employed. As offsets we have the social security program, private pension plans and other retirement benefits. However, it is



made plain that we ought to find some way of letting the skilled oldsters continue to exercise their talents.

Beyond the economic phases, Dr. Dublin sees a need now for providing adequate medical care for our older population. Hospitals caring for chronic diseases are now filled to overflowing.

### Putting it on paper

AN EXPERT on industrial management asserts that the small manufacturer will have to "get it on paper" to survive in the kind of competition which is already in evidence. What Frank K. Shallenberger, associate professor of industrial management at Stanford University's Graduate School of Business, means is that the small producer cannot go on "keeping the figures in his head" but must set up simple cost controls.

Professor Shallenberger is not a school theorist. He has circulated around among small plant operators and was in charge of Aircraft Plant Disposal for the War Assets Administration from 1945 to 1947. His call for more paperwork was made before the American Society of Mechanical Engineers.

"The subcontractor faces particularly severe competition when the large companies, to cushion the slump, return outside work to their own shops. The subcontractor, to retain the business, may have to underbid his customer's out-of-pocket costs. Since many small companies know little about their costs and are prone to forego the owner-manager's salary, competition among them may be especially severe and vicious."

Professor Shallenberger made a number of suggestions but the one he seemed to emphasize was, "Get yourself a break-even chart." Through this device the untrained individual can determine the break-even volume and the effect of price changes, plant expansion, equipment replacement, shifting materials costs, changing labor rates or other factors affecting profits.

### Something to lean on

ONSLAUGHTS against the welfare state doubtless can be justified on several grounds as opposed to the initiative that has made this country great, but blind argument must not overlook certain essentials. Thus, Edward T. Cheyfitz, former CIO official and now assistant to the president of the Motion Picture Association of America, maintained before management men

You are either **OVER** paid  
...or **UNDER** paid  
at **\$100 a WEEK!**

If you are earning about \$5000 a year, you have reached the most critical stage of your business career.

Few men are paid that amount unless they are *potentially worth \$10,000.*

It means someone above you thinks you are capable of making at least twice your present salary. But *you* have to prove it!

Five thousand dollars is not a terminal—a man goes on or back. Clerks can be hired for less; executives can demand more.

If you have the resolve and the ambition to pass the \$5,000 barrier, the Alexander Hamilton Institute can help you. If you do not have those qualities, nobody can help you.

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Here, briefly, is the Institute's function: It stimulates your desire to forge ahead, awakens hidden abilities, supplies the training and knowledge every executive must have. It shows you, by practical examples, the methods and procedures followed by management. It enables you to *bridge the gap between your present job and the one above.*

Don't misunderstand. The Institute works no miracles, opens no magic portals to quick and easy success; it will *not* double your income within a few months. Nor will it make corporation presidents of men who are clerks at heart.

But to the man who seeks a sound and realistic program to speed up his progress in business, the Institute's Modern Business Course and Service is ideal. Ideal because it fits the new concept of management, prepares men to handle the *larger* opportunities of business.

Suppose the management of your company met to select a new vice-president, Factory Manager, Sales Manager or Personnel Director. Suppose *you* were a possible choice for one of those positions.

Are you qualified to step into such

a job? Is your knowledge broad enough to meet the requirements of an executive position—or do you know little of business outside of your own department?

Will you be qualified two years from today?

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recently that labor is definitely in politics to achieve security.

Cyrus S. Ching, former U. S. Rubber official and now director of the Federal Mediation and Conciliation Service, went right along with this view:

"Fifty years ago we recruited industrial employees from rural communities or from foreign countries and members of that first generation—regardless of where they came from—always had the feeling that they had some place they could go back to, that they had roots somewhere. They had something they could lean on, at least mentally if not materially. But the second and third generations have no roots anywhere, except in the industrial community and in the industrial system, and they are subject to all the hazards and vicissitudes that go with our industrial economy."

### Business Bill of Rights

RETAIL merchants throughout the country are accustomed to hear words of wisdom from their "elder statesman," Irwin D. Wolf, vice president of Kaufmann Department Stores, Pittsburgh, and of the May Department Stores Company. He is chairman of the vendor relations committee of the National Retail Dry Goods Association.

Wolf's words at a recent session of an association group, however, were aimed at a broader audience than merchants. He jumped into the middle of a problem which has all business men worried. It has been called in the past "too much Government in business." What it comes down to is that business regulation has become so involved that it threatens to kill the very thing that makes the country great. Here is how Wolf summed up his thoughts:

"Just as the tenets of political freedom for man were wrested from despots by the Magna Charta, so now we must unshackle business from bureaucratic control by formulating and causing to be ordained a Business Bill of Rights. It should be backed up by a Business Practice Court in which the Business Bill of Rights will be dispassionately enforced according to rules of law and not to fancies of administrators.

"Men who are eager to support their Government rather than be supported by it will champion our cause. Distinguished statesmen in public and private life have long recognized our need and will rally to our support."



# MANAGEMENT'S *Washington* LETTER

► REMEMBER WHEN you could count a dozen "sold out" basic industries?

Their production was limited only by their facilities, materials supply. Their backlogs reached far into the future.

That was only a year or so ago.

How many are running at capacity now? Automobiles.

And record-breaking production during the first eight months of 1949 has wiped auto makers' backlogs off their books.

So you can expect longer layoffs for model changes, other reasons, this fall.

► YOU CAN BE your own business analyst—by watching automobile sales.

They'll reflect other business conditions in your community.

But you'll have to allow for seasonal fluctuations that may return this fall.

Here's the seasonal pattern established from 1935 through 1939:

September sales drop 26.5 per cent below August.

October goes up 9.6 per cent over September. November shows a rise of 32.7 per cent. And December increases 5.1 per cent over November.

Auto sales were broken into two peaks—spring and fall—by introduction of fall models starting in 1935.

After that (until war) 22.9 per cent of auto sales were made in first quarter, 31.1 per cent in second, 22.7 per cent in third, 23.3 in fourth.

Note: If new car registrations are not published in your town, local auto dealers' association can give them to you.

► IF YOU HAVE any doubt about approaching government deficit financing, take a look at industrial earnings reports.

Profits average is below last year's. And taxes are paid on profits.

Here's what lowering volume, diminishing profits, do to tax liability—

U. S. Rubber's sales for 1949's first half were \$258,302,914. Compares with \$278,120,805 for six months year ago.

That's drop of only about 7 per cent in sales. But operating profit dropped from \$19,356,894 to \$13,298,803.

That's a drop of 32 per cent.

And tax liability dropped from \$7,820,441 to \$5,558,681, a cut of 29 per cent.

Another example: Sales of Consolidated

Retail Stores dropped from \$16,207,657 to \$15,920,277.

That drop of less than 2 per cent produced a cut in earnings of nearly 19 per cent, a cut in taxes of 16 per cent.

Continental Can's profits before charges slipped from \$28,690,399 to \$25,202,609.

So earnings dropped 17 per cent, tax liability went down by \$1,314,396—or 15 per cent. Trend (with few exceptions) is downward.

U. S. business is averaging less profits, will pay less taxes.

► WHATEVER ECONOMIC graph U. S. is making, it won't duplicate 1920.

That's made certain by progress of recession so far.

Wholesale prices, for example, broke in second quarter of 1920, tumbled from high of 167 (1926 equals 100) to low of 94 in one year.

Then they leveled off before dipping a couple more points by the end of 1921, when they started up again.

In current pattern wholesale prices reached 163 at start of 1948, then started down.

But they reversed. By midyear, index hit another high of 169.8. Then came slow downward slant that month ago reached 152.

Thus in 19 months following initial break (present period) wholesale prices are only 18 points under the high.

► DON'T CONFUSE a charted rise with a recovery. Industrial production hit a low of 50 in dark depth of 1933.

During middle months of the year production showed steady, steep rise.

Production index rose from 50 to more than 80 in six months.

Then it settled back down, didn't reach 80 again until end of 1935.

Note: Harold G. Moulton in "Controlling Factors in Economic Development" (published by Brookings Institution) concludes that no single factor causes recessions, that "The view that depressions are always caused by the same factor is disproved by the record."

► LOOK AT THE FIGURES—and you'll have little reason to wonder why U. S. is so eager to help England.

Government attitude is based on eco-



economic fact, not hands-across-the-sea sentiment.

Since U. S. is a producer nation it needs customers—and before the war United Kingdom was this country's best customer.

Take prewar 1938 for example, when U. S. exports totaled \$3,094,000,000. United Kingdom took \$521,124,000—or 16.8 per cent of U. S. exports.

Next came Canada with \$467,662,000—or 15.1 per cent.

Other customers that year: Japan, 7.1 per cent; France, 4.3; Germany, 3.5; Netherlands, 3.1; Argentina, 2.8; Philippine Islands, 2.8; Belgium, 2.5; Cuba, 2.5; British South Africa, 2.3; Russia, 2.3; plus about 55 other, smaller accounts.

Since war Canada has taken first place. Shipments to Canada last year totaled \$1,918,000,000.

And England trailed with \$644,400,000. Note: U. S. exports last year totaled \$12,615,000,000.

Volume index was 105 in 1938, and 207 in 1948.

Thus in 10 years U. S. export volume has doubled. So have prices.

► NEW YORK TRADERS devaluated the U. K. pound more than a month ago.

While official exchange rate was \$4.04 in U. S. currency, traders offered \$3.06 on pounds for delivery this fall.

► AS OTHERS SEE US DEPT.—

In discussing England's economic situation the "London Economist" says:

"There is a tendency among some of the left-wing partisans to say that it is an unnecessary crisis that need never have happened if it were not for the chronic and incorrigible instability of American capitalism.

"This is an attempt to establish an excuse. It is a smokescreen.

"It is not true that the American economy is slumping.

"The level both of general demand and of economic activity in America is still a long way above any definition of normal that the world has ever before known, and if British socialism cannot adjust itself to as minor a quaver as this, then it is too delicate for the real world.

"Labor members of Parliament would do

well to remember that their government would have been out of office in collapse and chaos years ago if American capitalism had not been willing to subsidize it."

And from another issue of the same publication:

"There is no scapegoat to be found in American conditions for Britain's present difficulty.

"If socialist Britain was even half as prosperous as capitalist America is today—recession included—there would be no crisis."

► SWITCH FROM SHORTAGE to oversupply cuts deeply into profits.

How deeply it may cut is shown in bids Ohio firm took on a single truck.

Firm invited half a dozen dealers to bid, then called in an automotive expert to interpret the bids.

Expert found three dealers had offered truck chassis at cost, hoped to make their profit on separately listed special body, accessories.

Winner figured both chassis and body at cost, made between \$40 and \$50 on accessories.

► RETAILERS ARE RIGHT in the middle of biggest fight they've ever been in.

Battle is between manufacturers and consumers.

Some manufacturers are convinced they can't lower costs.

Most consumers are convinced prices will drop—many won't buy until they do.

Manufacturers review labor costs, taxes, other costs, ask: How can anyone expect us to lower prices?

They overlook this point: Customers aren't interested in how. They just want to know when.

How (they ask) did Palm Beach do it?

► HERE'S HOW retailers protect themselves in price battle—

"We're buying less than we ever have," is typical comment from store executive.

"We won't be caught with a lot of merchandise on hand when—and if—prices break.

"We'll see how fall selling goes, and go back into the market accordingly."

Tumbling midsummer prices caused most retailers to order lightly, lose sales instead of money on late summer lines.

► EVERY NEW PRICE CUT, every new lower-priced product, adds pressure on those that haven't cut.

RCA announces television set for under \$200 because of "new mass production methods."

Which causes customers of entirely un-



related lines to wait for other manufacturers to find the way to lower prices.

► **LABOR'S VIEWPOINT** heavily outweighs employers' in U. S. delegations to International Labor Organization meetings.

Employers are dissatisfied with present setup, explore ways to change it.

Theoretically delegations to international conferences are tripartite—they consist of representatives of labor, employers and Government impartial to both.

But for years Labor Department has controlled naming of U. S. Government representatives, has loaded delegation with pro-labor advisers.

At last summer's Geneva conference, for example, Government delegates had 12 advisers—eight of them Labor Department employees.

When U. S. employer delegate sought to amend proposed convention to give protection to employees who stay out of unions—as well as to those who join—a Labor Department attorney made an impassioned speech in which he termed Taft-Hartley Act "reactionary."

Thus U. S. Government representative sought (successfully) world-wide policy more pro-labor than his own Congress would pass.

Policies adopted by these international conferences—50 nations were represented at Geneva—often are used as pattern for national laws in countries represented.

Employer representatives, objecting to preponderance of labor advocates, plan move to have Commerce or State Department name neutral Government delegations, take control from Labor.

► **SINGLE REGULATORY** and policy making agency covering all forms of transportation may result from Senate inquiry.

Airline finances have caught headlines so far, but investigating committee will pry into every phase of air, land and sea transport, plus radio, television, telephone and telegraph.

Senate Committee on Interstate and Foreign Commerce has been allocated \$165,000 to start inquiry.

Total cost before probe is completed may reach \$500,000. Extra staff employees number 14.

Industry expectation: General overhauling of Transportation Act of 1940, probably written into law in 1951.

Investigators will report on feasibility of single body to take over policy functions of Civil Aeronautics Board, Interstate Commerce Commission, Maritime Commission.

## MANAGEMENT'S *Washington* LETTER

Single board plan was recommended by Hoover Commission.

Opposition rises already—at lunch table talk level—from existing commission members, employees.

► **U. S. AIR FORCE** has report showing Russia's 1948 jet plane production twice that in this country.

Report came from civilian source inside Russia.

Air Force officials express skepticism, but add they can't prove figures are wrong.

Report lists Russian jet fighter production at 1,828, plus 2,375 fighters using conventional engines.

If so, this would be more than twice jet production in U. S., three times our manufacture of conventional fighters.

Russia's total airframe production is listed at 67,942,000 pounds, including 1,500 light bombers, 980 attack planes.

U. S. airframe production in same year was slightly more than half that.

It will be much higher this year.

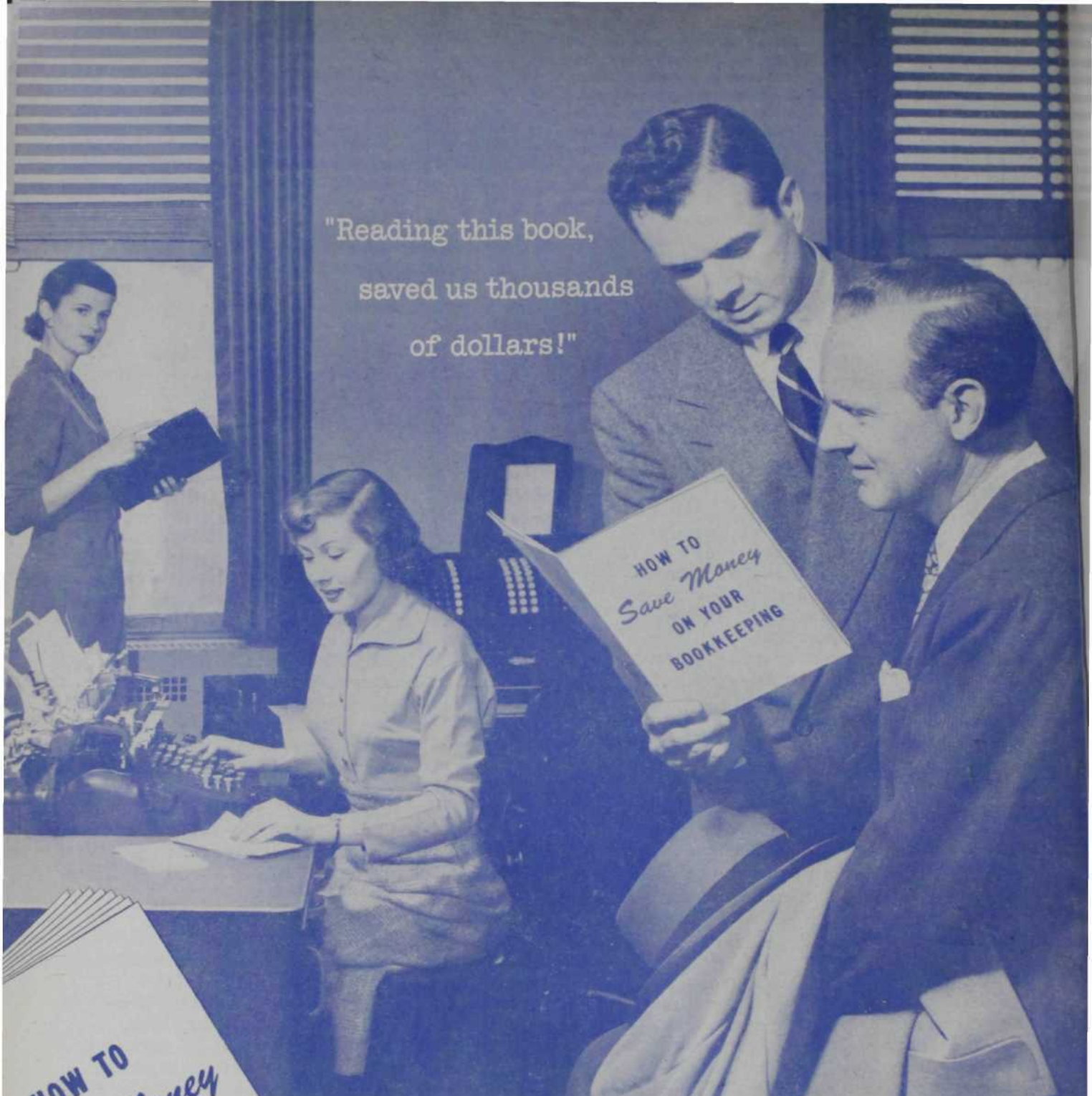
► **SKIES WILL BE BLACK** with 'em dept., family planes div.—

During first six months of 1949, 11 companies making personal aircraft shipped total of 2,081 planes.

Compares with 3,866 through June 1948.

► **BRIEFS:** Hardest hit by England's latest cutback in U. S. purchases will be cotton, tobacco, wheat....Public Housing Act set up \$15,000,000,000 program to provide low cost housing; now Housing Amendments of 1949 would take care of middle income bracket....Business failure rate has stopped rising—but continues at twice last year's rate....Government statistics show that pilots over 40 have fewer accidents than those younger....Current lamb count: 18,906,000, lowest since Agriculture Department started records in 1924....Don't be misled by consumer purchasing scale—it always stays high during early stage of dip....Airlines want to carry the dead, as well as the living. They're campaigning for body hauling business, pointing out that shippers save money because no passenger need accompany the body....Today's sales are made to satisfy a demand. For tomorrow look for things that will create new demand.





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# TRENDS



## OF NATION'S BUSINESS

### The State of the Nation

**O**N MAY 12, shortly before the British financial crisis began to make the headlines, the United States Council of the International Chamber of Commerce published a report on the future prospects of the Marshall Plan.

Entitled "The Specter of 1953," this well-reasoned analysis foreshadowed the failure of the European Recovery Program unless supplemented by much more cooperative and vigorous effort on the part of the beneficiary governments. To point its moral the report included some "fictitious headlines" which, it said, "exist today only in the nightmares of responsible American business men."

Some of these headlines, at the time imaginary, were:

EXCHANGE CONTROLS, IMPORT RESTRICTIONS  
EXTENDED

U. S. EXPORTS TO BE EXCLUDED FROM EUROPEAN MARKETS

EUROPEAN STANDARD OF LIVING DECLINES  
SENATORS OBJECT TO CONTINUED DRAIN ON  
AMERICAN ECONOMY

Only one major criticism is likely to occur to those who read this International Chamber of Commerce report four months after its publication. Its authors may properly be accused of understatement. The situation "which might be reported sometime in 1953" actually took shape in Britain almost before the report could be circulated there in 1949.

There is no mystery, but there is a great deal of confusion, as to just what has gone wrong in

Britain. The English themselves call it a "dollar shortage," which is an accurate description of the economic symptoms. But the real trouble is only reflected in the shortage of dollars available to the British Treasury. It can be said with equal accuracy that Britain has priced its wares out of the American market.

• • •

This fact is reflected in the way the British crisis developed. As long as the postwar price level remained high in the United States, the British, with North American credits and Marshall Plan aid, had a sufficiency of dollars. Indeed, as recently as last May, the Chancellor of the Exchequer figured that he could manage with less American assistance for the second year of the European Recovery Program. For its first year, ending June 30, the British share had been \$1,239,000,000. For the current fiscal year \$940,000,000 was allotted to Britain.

Then, before the end of July, London's estimate of British needs for this fiscal year was suddenly pushed up to \$1,500,000,000.

These unreliable figures indicate the futility, and the even more dangerous deceptiveness, of governmental economic planning. Any business organization as far out in calculations of its essential needs as the British socialist government has been would soon be liquidated by its own incompetence. But a political administration can only be dissolved by an electoral mandate from the voters. And if it can hold out sufficient bait

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Ecuador	Nicaragua
Egypt	Norway
El Salvador	Panama
England	Peru
Eritrea	Philippine Republic
Ethiopia	Portugal
Finland	Puerto Rico
France	Siam
French Indo-China	South China
French West Africa	Spain
Greece	Sweden
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to a sufficient number of voters, it may remain in power regardless of demonstrated incapacity.

The political stability of Prime Minister Attlee's majority in the House of Commons is not, however, enough. This support would soon evaporate if it were not maintained by subsidized food and clothing; by free medical care; by state-aided housing programs and "cradle to grave" allowances, pensions and benefits of every conceivable kind. And these hand-outs, in the last analysis, can only be given to the British voters because of the heretofore inexhaustible generosity of the American taxpayer.

• • •

American, rather than British, voters are actually keeping the British Labor Government in office. For if American subsidies were withdrawn the average Briton would soon be forced to realize that his own government is wholly unable to care for him out of its own resources. With that realization, the political appeal of British socialism would probably lose much of its glamour.

For several reasons Americans have been loath to give close analysis to this anomalous situation. It isn't merely sympathy for what England has recently endured. Our cultural, intellectual and political ties with what was once the Mother Country are all deep-rooted and any British Government—Tory, Liberal or Socialist—can be sure of widespread American sympathy. Twice in recent years we have gone to Britain's aid in time of war, and ratification of the North Atlantic Pact was made much easier by an underlying identity in Anglo-American political interests.

But it is equally obvious that this identity of interest does not extend to economic matters. Fundamentally, Americans believe in free enterprise. Regardless of the party in power, and regardless of presidential blandishments, it is difficult to lure our representative Congress into any open indorsement of obviously socialistic legislation. In this field the essential conservatism of the Eighty-first Congress has been as pronounced as was that of the Eightieth. And it is in Congress, during this past summer, that irritation over the seemingly bottomless sink of aid to Britain has been most forcibly expressed.

The British have contributed to this irritation. To solve the problem which they like to call "the dollar shortage," Britain would have to cut its production costs so that more dollars can be earned by competitive entrance into the American and Canadian markets. There has been real effort to do this, and until the American consumer went on strike against high prices the British exports to this country were substantial. But as American demand slackened, and the price level began to fall, British producers did not cut their costs as our own have done.

Instead, the Labor Government announced

a policy of reducing purchases from this country, successfully pressuring its colonies and dominions—excepting Canada—to follow suit. Certainly that is one way to conserve the dollars the British Treasury still has. But it is a negative policy.

To cut British production costs effectively would require measures of many kinds, but all of them similar to the extent that they would run counter to socialistic policy. For instance the crushing burden of British taxation would have to be eased somewhat. This would run counter to costly experimentation in nationalizing industry. Furthermore, taxes cannot be lowered unless the swollen English bureaucracy is cut down; and unless charges on industry to provide so-called social insurance for British workers are eased.

The Labor Government simply refuses to take these steps, and as long as the United States in effect foots a large part of the bill, Prime Minister Attlee can carry on. His parliamentary strength is not yet seriously weakened by his economic difficulties, since these are to a considerable extent carried on American shoulders.

• • •

During the past summer, however, it has become steadily more apparent that our representative Congress will not subsidize British socialism indefinitely. Though political cooperation with Britain has been strengthened, through ratification of the North Atlantic Treaty, economic antagonism has increased. There is now a very definite campaign to counter British quotas on American exports by raising our own tariff barriers.

The developing stalemate is potentially very dangerous. Anglo-American recriminations at this time are helpful only to the Kremlin, which is obviously delighted by every bit of evidence that the Marshall Plan is in difficulties.

On the other hand, it is too much to expect that Americans will indefinitely subsidize a British economic policy regarded by most of us as thoroughly pernicious. The American people disapproved strongly of National Socialism in Germany. They cannot be expected to support, in Britain, a system which in every economic particular appears to be patterned on that developed by Dr. Schacht.

If a solution is to be found, something must give way. It may be the stubbornly maintained principles of the British socialists—or it may be the long-suffering patience of the American taxpayer. At present the strain is heavy on both.

—FELIX MORLEY





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**Modernizing** America's bituminous coal mines has meant replacing "pick-and-shovel" mining with machines. Today more than 91% of production is mechanically cut and 60% is mechanically loaded. And among new preparation plants now under construction is one designed to wash and grade coal at a record rate of 2,000 tons an hour.

Largely as a result of this modernization, the American miner's average daily output is five times greater than that of the British miner—and the American miner's take-home pay is higher than that paid by any other major American industry.

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# The Month's Business Highlights

**D**EFLATIONARY winds that have been blowing across the country show signs of subsiding. No one expects the United States to pull out of a convulsion of the proportions of World War II without more disturbance than has taken place thus far, but there is doubt that any major readjustment is in the making at this time. Underlying elements are still too strong to allow a steep downturn.

American business, however, is entering a period in which competition promises to be more intense than ever before. Productive capacity greatly exceeds domestic needs. That means keen competition in the home market. Since a substantial part of American production must be sold abroad, more competition in world markets will certainly develop. A creditor country with large surplus production necessarily will have to absorb a greatly increased volume of imports. To stabilize world trade and business at home the way will have to be cleared for the most efficient producers. This means drastic elimination of high cost operations. It also means moderate profits.



The British dollar crisis is a major concern of American business. It has had the beneficial effect of concentrating more effort on the acute phases of the problem. There is no sovereign remedy. Recovery in Europe will have to follow a long, winding and weary road. There are no democratic short cuts. Patience and peace, multiplied by time, is the only formula that holds out hope for permanent improvement. Not much can be accomplished with any single measure. Many measures will have to be taken. The United States will have to participate in nearly all of them.

Europe has been a deficit area for a long time. The destruction of war and the wiping out of foreign investments created conditions requiring American help if a debacle were to be avoided. The situation was made more difficult by the disappearance of Russia as a market for finished goods. Germany no longer was a market for raw materials in exchange for finished goods. War-created inflation, of different degrees in different countries, disorganized currencies and upset mutual relationships. Hardships and political developments lowered morale and productivity. Some improvement is taking place. East-West trade is increasing. Western Germany is being rehabilitated. There is more confidence in most



currencies. Moreover confidence is expressed in the proposal that the United States make convertible into dollars favorable balances of trade among European countries. If Belgium, for example, sells more goods in Europe than she buys there, the United States would advance dollars

for her holdings in marks or francs or lira. That procedure would encourage inter-European trade and provide an incentive for greater productivity.

Basically the need of the European situation is for the countries of the western union to work harder and more efficiently so they will have more to sell beyond their own borders. Business men in Europe are showing great reluctance to face up to tough competition. They are inclined to think in terms of cartels, agreements, and the division of markets. It has been clear for months that the British would not devalue voluntarily. The question all along has been whether they could prevent it. It is not understood why more incentives are not held out to European producers to sell in hard currency countries. All observers agree that more incentives must be arranged for British wage earners if they are to be persuaded to work harder. There is little inducement to earn more when so little can be bought. More restrictions are in force in the United Kingdom than during the war.

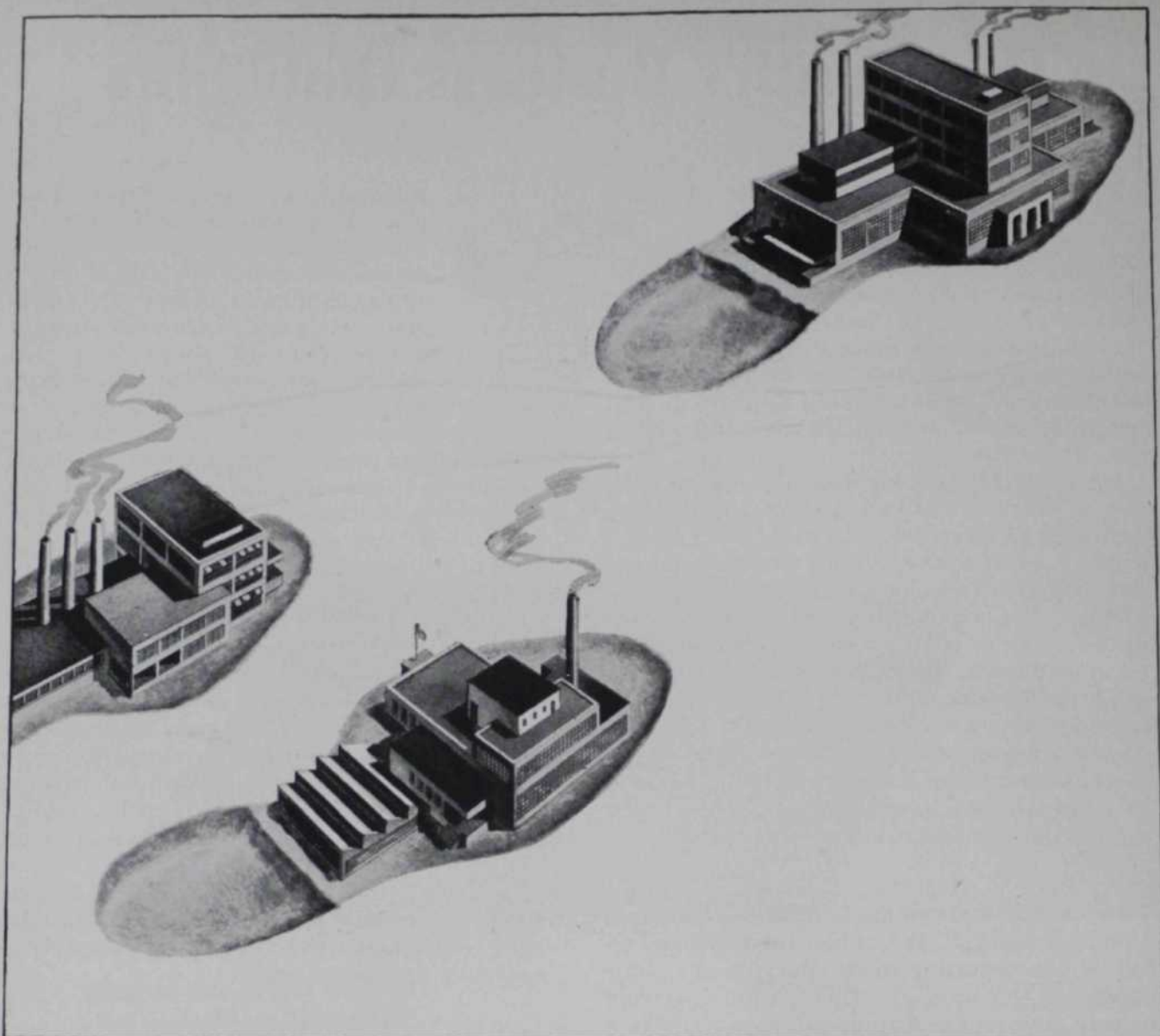


Domestic business has been going through a period of intensive liquidation of inventory. At the same time the supply situation has improved to the point where hand-to-mouth ordering again is possible. Between the two, business has seemed worse than it really is. Wages and salaries in 1949 have run ahead of the corresponding months of 1948. Inventory liquidation hits the economy unevenly with manufacturing the chief sufferer.

With the return to a buyers' market, retailers are finding that stocks must be much more diversified than has been the practice. It is that factor, as well as the depletion of stocks, that is causing the upturn in new orders. Much of the contraction in commercial loans can be traced to inventory liquidation. The average retailer borrows for only a part of his inventory outlays. When inventory is reduced it frequently happens that 100 per cent of the loan is repaid. This explains the fact that, since contraction began, the rate of repayments has gone up sharply.

With all the plugging it has had for nearly two





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## SOUTHERN RAILWAY SYSTEM

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months, the Nathan report, prepared for the CIO, has failed to convince the country that the only feasible way to fight a depression is to raise wages. It is hard to convince a manufacturer whose volume is shrinking that the way to increase his business is to increase his costs. Theoretically, it would add to consumer demand were all employers to increase wages at the same time, but everyone from the sixth grade pupil up understands that is not feasible, particularly when there is the simple way of increasing the purchasing power of the whole population by reducing costs. Forward-looking business men, while urging labor to forego demands for wage increases at this time, also are pressing producers earnestly to increase efficiency, lower costs and seek markets by reducing prices. To maintain prices at the cost of volume is a producers' fallacy just as insistence on wage increases at the cost of reduced employment is organized labor's fallacy.

Talk of profits and cost of living in connection with proposals to increase wages is mostly window dressing. Wages have increased substantially more than living costs. The spread is widening. It is not difficult to establish that present disposition of corporate profits is in the long-run interest of the whole people. Dividend payments have been reduced to the point where equities in corporate enterprises are hard to sell. Reinvestment of earnings is essential to the expansion of the economy to provide jobs for an increasing population.

The latest report of the President's Council of Economic Advisers was long and uninteresting. The economic advisers write too much too often and say about the same thing which they illustrate with unintelligible charts.

As time goes on it becomes more and more apparent that the economic advisers should not publish their reports. The Council should submit its data to the President and stop there. When the material is published it has to be in line with the President's policy. This makes it a politico-economic report rather than objective economic advice.

Declines in bank loans for business purposes have been due more to decreased demand than to unwillingness to lend. Even had no uncertainties as to the course of business developed, the fact that production has overtaken demand means less inventory and less forward buying. In the aggregate this means a wide difference in the amount of credit needed.

Outstanding orders have fallen five times faster than the inventory decline. Since sales have held up much better than was expected, a sharp increase in orders is likely to develop in the latter half of the year.

It must be remembered that price declines

account for loss of dollar volume. It is not all due to less free spending on the part of customers. Principal declines have been in the large ticket items.

Many of the smaller cities and towns have been inclined to maintain proportionately larger inventories than stores in the larger cities.

Size of hidden inventories in textiles has caused surprise. It took a full year of heavy consumer buying to pull stocks down to the point where new orders began to take on normal volume.

The textile industry and its fabricating satellites have had tough going, but the autumn outlook is brighter. Consumption of cotton dipped far below earlier predictions. Cotton textiles have had as bad a decline as any of record, but without a corresponding weakening of the price structure. Further shifting is taking place from cotton to rayon in tire cord.

• • •

Sentiment is strong throughout the country against government regimentation as an abstract proposition. Each interested group wants its own field left free but is willing to have others controlled. Because of that attitude, controls have been increased insidiously until they have reached dangerous proportions.

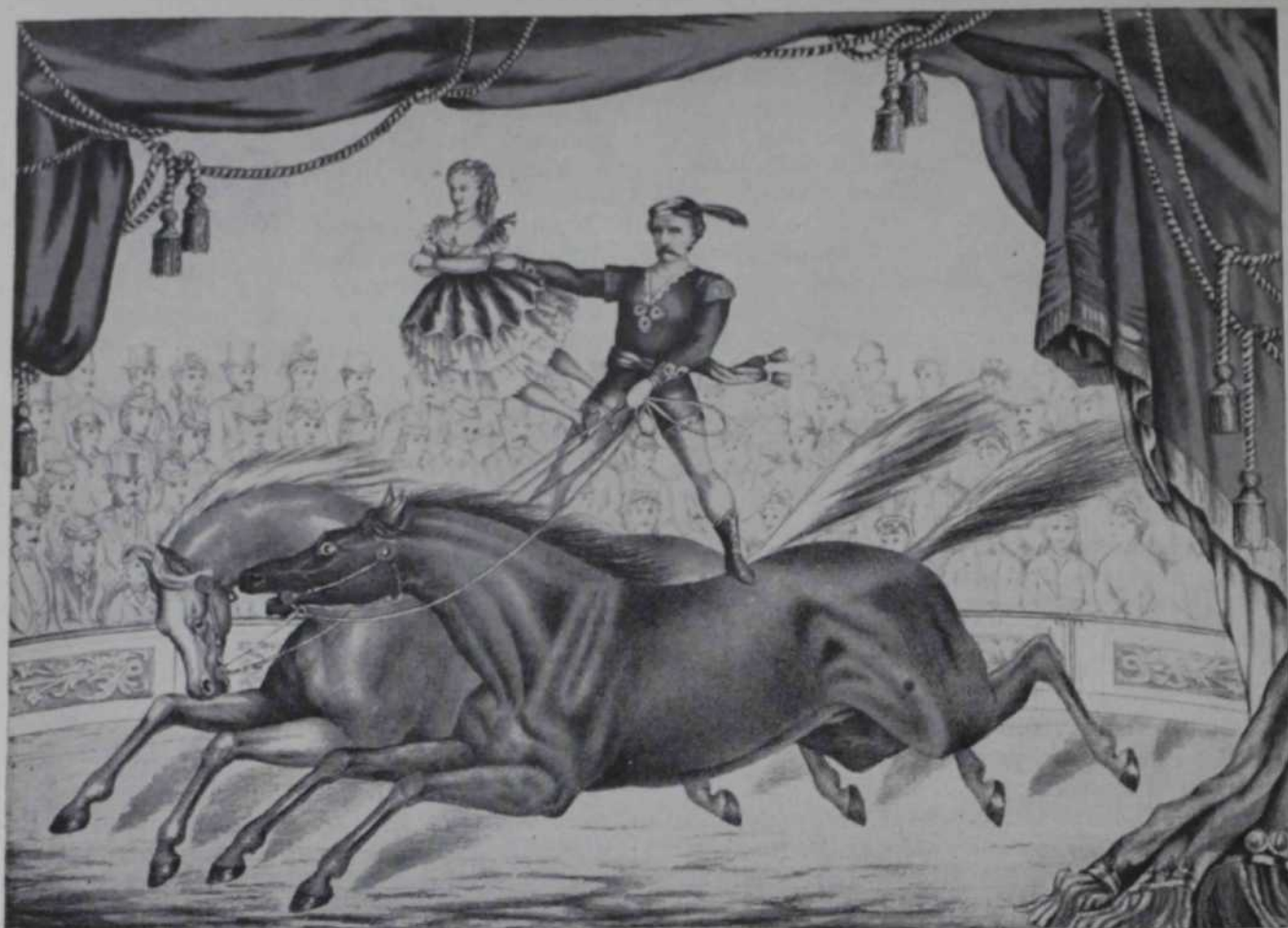
Some supervision of a complex economy is inescapable, but regulatory agencies, originally set up to correct abuses, have a way of gradually extending their authority until unjustifiable interferences with free enterprise result. While the advisability of some cutback in existing interferences is seen, the great need is to guard against attempts to control the vast volume of operations and individual transactions which determine prices, wages, profits, interest rates and the choice of employment. Freedom in those fields is important in the highest degree to the preservation of the free enterprise system.

If there is interference with market prices, the natural effect of demand and supply is eliminated. If there is interference with the free negotiation of wage rates, it affects the supply and demand for labor. If profits are regulated, the adjustment of investment to the supply and demand of capital is prevented. If there is interference with the market rates of interest it will thwart the working of the law of supply and demand. The longest step away from individual freedom comes when there is interference with the choice of occupation. All those fields must be kept free of interference if American economic and political ideals are to be preserved.

—PAUL WOOTON







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# Washington Scenes



ONE OF President Truman's most engaging traits is his forthrightness about early failures—the collapse of his haberdashery business in the early 1920's, for example. He is not at all embarrassed when this is brought up. On the contrary, he talks about it openly and with good humor, describing himself as a “busted merchant” back in those Kansas City days and telling how he struggled to pay off his debts.

“It took me 20 years to get out from under that experience,” he says.

Mr. Truman, as this remark implies, was paying off his creditors almost up to the time he became President. It must have meant a good deal of sacrifice and skimping when he was a United States Senator from Missouri and getting \$10,000 a year. Doubtless it was one of the reasons that the present First Lady was on the legislative payroll as his secretary.

Anyway, the experience left Mr. Truman with a deep abhorrence of debt, notwithstanding the fact that it also resulted in his going into politics and landing in the White House.

That brings up a seeming contradiction in the President's make-up, one of many. How is it that this man, hating personal debt as he does, nevertheless can condone official debt; that is, an in-the-red fiscal policy for the federal Government?

He has told Congress—and the country at large—that it would be a “great blunder” to cut down on government spending at this time in an effort to balance the federal budget. The Government, he insists, cannot expect to have income exceed outgo in a declining economy.

The uproar that this has evoked on Capitol Hill is reminiscent of New Deal days just before the outbreak of World War II. Some of those who now decry Mr. Truman's philosophy of spending are the same men who in 1939 were rawhiding Franklin D. Roosevelt for the same reason—notably Sen. Harry F. Byrd. The Virginia Democrat, No. 1 Treasury watchdog in Congress, says that the Truman fiscal program is a “certain road to ruin.” He says, further, that unless Congress and the people can defeat the program, the country will go “over the precipice of national disaster.”

Senator Byrd would apply a ten per cent, across-the-board slash to the appropriations of all

government departments. He says that this could be done without impairing a single essential government function.

Associates of President Truman, talking off the record, suggest that Byrd might do well to take a look-around in his own bailiwick. They point specifically to the legislative budget, the annual appropriation for the Senate, House of Representatives, and the Architect of the Capitol. This is now just about twice what it was five years ago. For the fiscal year 1945, it was \$18,965,751; for the current fiscal year of 1950, it is \$37,919,400.

Some of the money in the current legislative budget is for major repairs to the Capitol. The explanation for the nearly 100 per cent increase in five years, however, is to be found primarily in these things: higher salaries and more liberal expense allowances for Senators and Representatives, more and better-paid assistants, and higher prices as reflected in congressional house-keeping.

Mr. Truman's lieutenants also suggest that Senator Byrd might take a look at what has happened in Virginia, where he is politically all powerful. That state's payroll rose from \$1,350,000 in April, 1940, to \$3,309,000 in April, 1949.

However, none of this is an answer to the question: Why is it that Harry Truman, loathing personal debt, yet justifies deficit financing by Uncle Sam? What is the answer? I put the question to two of the President's intimates, both of whom are familiar with his thinking on fiscal policy.

One of them, who has known Mr. Truman for more than a quarter of a century, said that it was absurd to think of him as a man who believes in spending just for the sake of spending. He insisted that the President was “old-fashioned” where money was concerned, meaning that he was conservative.

The other man agreed with this. He said that Mr. Truman really knew a great deal about budget-making, having had considerable experience at it before entering the White House, first as a county administrator in Missouri and then as a United States Senator. He said that the Chief Executive takes a deep personal interest in the federal budget, that he spends long hours poring over the figures when they first come in, and that he tries to shave them wherever he



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thinks possible and so make the budget a "tight" one before it goes to Congress.

The best evidence that the Truman budgets are in fact tight, this associate went on to say, was to be found in the record of the Eightieth Congress. That Republican-dominated body, he said, talked a lot about wielding the knife, but actually made no worth while cuts in two years.

He charged that critics of the Administration often are dishonest in their arguments—dishonest in the sense that they fail to point out this all-important fact: that something like three-fourths of the total recommended by Mr. Truman this time is to pay for past wars or to provide insurance against a future war. He meant, of course, the money earmarked for the much-expanded armed services, Marshall plan aid and related programs, interest on Government bonds, and benefits for war veterans.

There is some truth in this. But it is also true that many Congressional critics of Administration spending are "internationalists," men who go along on all measures aimed at preventing Russia from further changing the map. They think that money could be saved in the armed forces, for example, and also in that area of the budget that has nothing to do with foreign policy. They feel that it is ridiculous to argue to the contrary.

That gets us down to the heart of the present-day controversy—the issue of pump-priming.

Mr. Truman contends that, desirable as a balanced budget might be, it would be "economic folly" at this time to cut "essential" programs—meaning, clearly, all the programs he has recommended, social and otherwise. He believes that a retrenchment, involving a lay-off of government workers and a curtailment of government spending, would aggravate the decline in the national economy.

The Chief Executive's thinking in this respect is perhaps best explained by the associate already quoted.

"Running the Government," this man says, "is in many respects like running a business, but certainly not in all respects. Business men, facing a period of recession, all do pretty much the same thing if they find it necessary. They trim here and there, drop people from the payroll or close plants. Naturally, they don't want expenses to exceed income.

"Now, this doesn't apply to the Government. When a recession comes, that's the very time that the Government should expand its activities, and so try and get the country out of the slump.

"The chief factor in our economy is purchasing power. This must be kept high. If we can keep people at work, they will have the money to buy the things that are made. That is basic."

Opponents of this line of reasoning insist that consumer purchasing power has never really fallen off. They offer figures on personal incomes to prove the point. What is needed, they argue, is not a bolstering of consumer purchasing power, but a revival of business and banking enterprise.

They point out, too, that deficit financing, or pump-priming, has not solved the unemployment problem in the past. In 1939, the last year before the war boom got underway, the federal deficit was \$3,920,000,000; the number of unemployed, 9,480,000.



As autumn draws near, the mood in White House circles is one of restrained optimism. Mr. Truman has said he is "bullish." That really is too strong a word for his attitude; he used it in response to a reporter's question because he had a choice of only two words—bullish and bearish. However, he does look for a pick-up in business and a consequent rise in employment.

What about the Administration and government economy? Well, the debate that has raged here has not been entirely in vain; at the very least, it has made government people economy-conscious. Mr. Truman and his advisers are reconciled to the fact now that higher taxes are out of the question; that, if anything, taxes will have to come down. And they are not at all sure that Americans will long tolerate deficit financing in what are relatively good times.

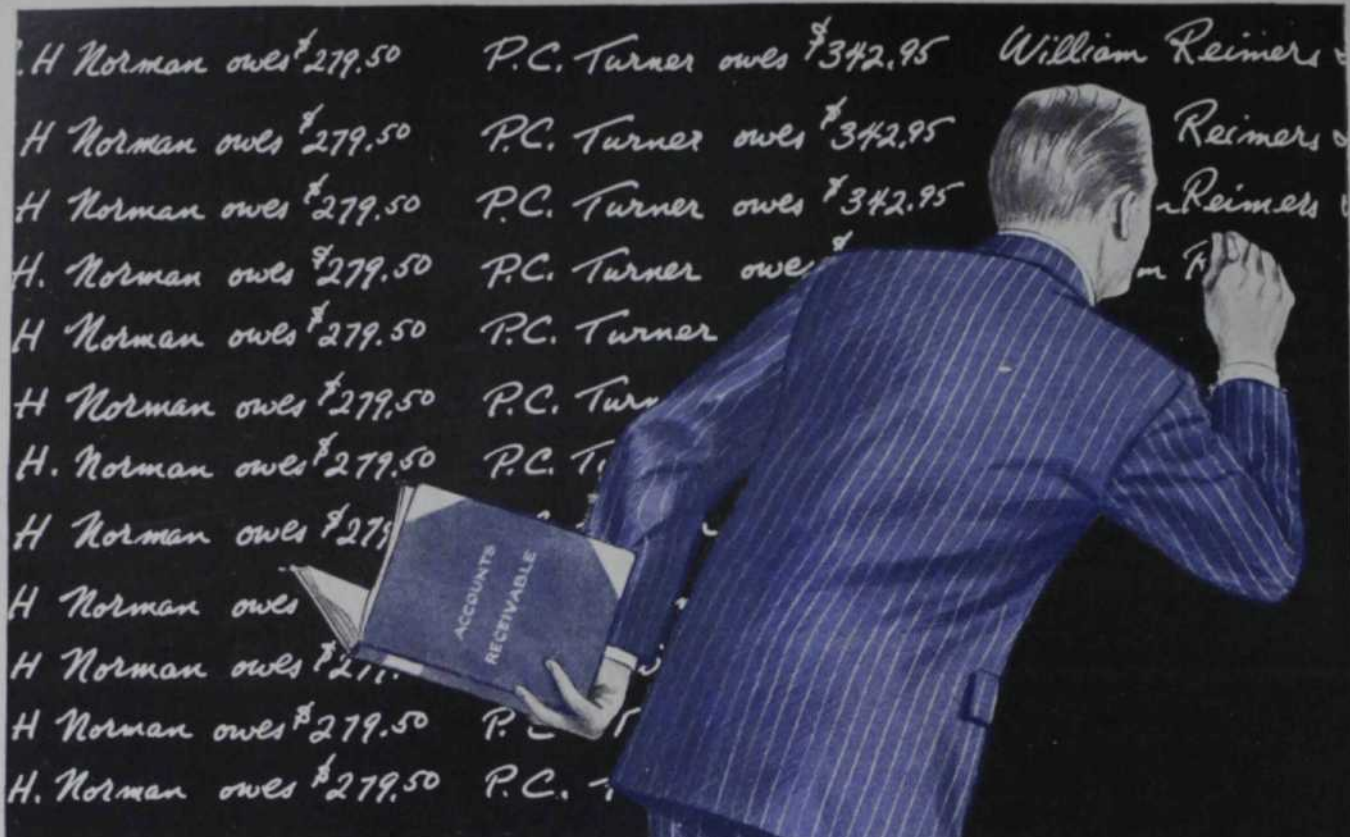
Administration officials say bluntly, however, that no "substantial" savings can be achieved in that part of the budget dealing with domestic affairs. Anybody who promises otherwise, they say, is pulling the nation's leg. The only hope for a really spectacular drop in government expenses, they say, is a lessening of international tension. In other words, it depends on Russia.

The Republicans are talking about making government economy a major issue in the 1950 election. It might be an effective one. All over the land there is a groaning over the tremendous tax burden, federal, state and local. Yes, the issue might click; but there is no certainty about it. It should be remembered that the Republicans have tried to capitalize on it before, with no great success.

The only big-time politician to make headway with the economy issue in the last 17 years was a Democrat. He was elected in 1932 on a promise to cut government expenses 25 per cent. His name: Franklin D. Roosevelt.

—EDWARD T. FOLLIARD





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# Small Business Can Pay Pensions

By LAWRENCE GALTON

EDWARD WALTON

**O**NE OF THE biggest headaches for the small business man today is "What can he do about pensions for his employees?" Nor is it any longer solely a matter of social consciousness. With retirement plans popping up all over in the big companies, the little fellow can feel the pressure already, or see it coming. Without an answer, it's becoming increasingly difficult to get and hold good workers.

But what *can* the small business man do when he has a number of long-time employees and no great cash reserves to take care of their past service? When, even if he could afford to undertake a retirement program right now, he can't blithely commit himself to high cost in the future?

Happily enough, the problem is far from hopeless. A number of small firms have found solutions. They're using several methods and even combinations of methods that are proving practical and ef-

**MANY little concerns have run up against the problem of a retirement plan. Here is what some of them have done about it**

fective. And among them is one that's called the deferred profit-sharing plan.

For example, a small towing company in New York has among its 11 employees a few with three or four years' service, several with 15 years and more, some quite young and others well along in years. Under the plan, the company each year puts ten per cent of net profits into a trust fund. No profits, no contributions to the fund.

A bank serves as trustee, accepting and investing the money and holding it in trust. There's an administrative committee of three

employees and two company officers. At retirement or after age 65, the money accumulated for each employee can be disbursed to him over a period of years. Or the committee can use the cash to buy a single premium, paid-up annuity for him.

Each employee's share of the total annual contribution to the fund is fixed by a simple formula. He gets a unit of credit for every \$100 of his salary, plus another unit for each year of service.

In the first year, \$3,000 of profits went into the fund. A clerk with three years' service, earning \$3,090.93 a year, was credited with



\$179.97. Another employee, earning \$6,201.72 and with the company for ten years, was allocated \$380.75. Still another, making \$10,000 and with 15 years' service, was apportioned \$502.20.

The plan can qualify under the Internal Revenue Code for tax advantages. The employer can deduct from his taxable income any contribution to the fund that doesn't exceed 15 per cent of the total compensation paid to employee-participants during the year. And if, in one year, he cannot contribute up to 15 per cent, he can carry forward the difference to increase his permissible deduction in subsequent years.

Certainly, the plan is no panacea. Usually it doesn't provide as much income as would be ideal for employees who have only a short time to go before retirement. Yet some provision is better than none at all. And there are various ways, in addition to the one already mentioned, for giving recognition to length of service.

used, it must be approved by the Treasury Department for tax deduction purposes each year. For this reason, many employers make the allocation strictly according to compensation which does reflect, to some degree, the element of long service.

It's true, too, that this method gives the employee no assurance of a definite and fixed retirement income.

Yet, according to Vance L. Desmond, assistant vice president of the Detroit Trust Company, "So far, under many of the profit-sharing plans, he is having more deposited to his credit than he would have under a fixed-commitment type of plan."

Under the latter, the employer must be more conservative; under the profit-sharing plan he can be more liberal since his contribution is based on earnings. Over a period of years, it's possible that the amount of contributions from profits will level out at an average figure which may provide a rea-

ployee will realize more money—in some cases, as much as three times more—than if an annual bonus had been handed out.

But what does such a plan mean to the company itself on a positive basis—in terms of immediate results? According to reports from a number of small firms, it has caused employees to develop a new interest in the welfare of their employers. They find it to their own advantage to increase production and lower overhead. They realize that strikes, delays and absenteeism are to their own disadvantage.

None of this is surprising. Some years ago, a Senate committee surveyed 774 commercial firms. It found a distinct decrease in the probability of labor troubles in companies in which there was a pension, bonus-wage dividend, stock ownership or profit-percentage plan of some kind.

Moreover, it discovered that profit-percentage plans—and, in particular, those in which the workers' share is saved for the future—"are the most effective in decreasing the probability of strikes, turnover, increasing efficiency and loyalty and appreciation."

More recently, too, a National Industrial Conference Board survey showed that companies with such plans had found them important in decreasing turnover, increasing efficiency and improving morale.

A second method also increasingly popular with small companies is a funded pension plan on a money-purchase basis. It works like this: The employer decides to put into a trust fund a definite percentage of his payroll instead of part of his profits. Usually the figure is between five and ten per cent. Each employee is credited with

his proper share and, at retirement, money accumulated for him can be distributed in instalments or can be used to purchase a paid-up annuity for him.

The employer can credit past service at the same rate as future service or at a slightly lower rate. But the crediting is done "from now on," with no need for a bulk

(Continued on page 64)



A pension plan can mean increased company loyalty

Another formula, for instance, is to add five per cent of the compensation for each completed full year of service in excess of one year.

That way, a 21 year employee gets twice as much retirement income per dollar of compensation as a one-year man in the same salary bracket.

However, if such a provision is

sonably satisfactory retirement income.

There's an interesting sidelight, too, in view of the fact that many companies have been accustomed to distributing annual bonuses. A New York publishing company which has had the profit-sharing type of plan in operation for five years has been able to show that, because of tax savings, each em-



# Can We Afford Young Drivers?

By ARTHUR BARTLETT

**B**OB was 20, and going away to college, and wanted a jalopy. He was a good driver, his father thought, and had a good head on his shoulders. Not wild, like a lot of youngsters. He had been driving the family car ever since he was old enough to get a license, and never had had an accident. So Bob got the jalopy. It was a '36 model, but the garage man assured Bob and his father that it was in first-class mechanical condition.

His father called up his insurance agent and asked him to slap some liability coverage on it.

"Well, Harry," said the agent, "I'll see what I can do. But I don't know whether the company will take it. . . ."

Harry Foster (which is not the real name, though otherwise the story is 100 per cent factual) was downright annoyed. "Now see here, Clint," he expostulated, "I've given you all my insurance business for 15 years. You hiked up the rate on my car this year, and I didn't kick. But you know as well as I do that this family has never cost the insurance company a nickel. You know Bob, and the kind of boy he is, and the way he drives. And if you can't cover this car for me, it seems to me I'd better start looking around for—"

"Oh, now, Harry," said the agent hurriedly, "of course I'll take care of it. I'll get it covered, some way. Don't worry about it. It's just that all the companies have been getting pretty tough about young-driver risks."

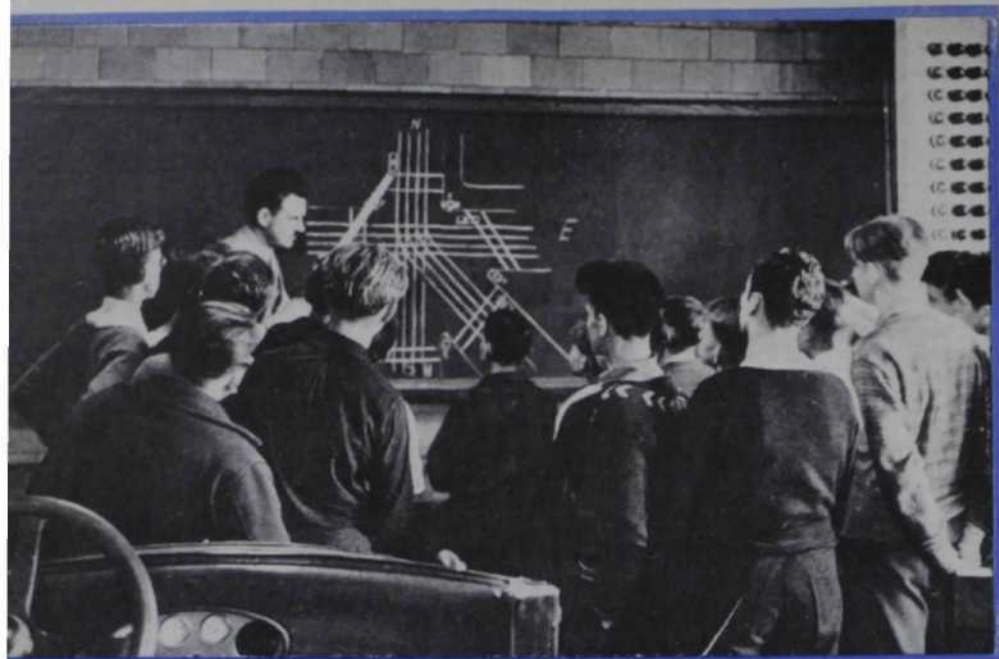
It took a two-page letter to the insurance company to get the policy accepted, but the agent was persuasive. His client, he pointed out, was a highly respected business man whom he had known intimately for years. The son, like the father, was the sort who took his responsibilities seriously. They had had the car carefully checked.

It was three months later that Bob crashed into another car. It had stopped unexpectedly ahead of him, and when Bob slammed on his brakes the only result was a swerve to one side—which made the ensuing crash even more of a mess than it might have been

**EVERYBODY** talks about the murder on our highways but few people do anything about it. However, here are some who are trying







Some 6,000 high schools now have driver training courses

otherwise. Two cars wrecked. Two people injured. Total cost to the insurance company \$6,500.

"Defective brakes," said the accident report. But seemingly, Bob's knowledge of motorcars and their potentialities had been somewhat defective, too. Well, yes, he said, he had noticed that the brakes tended to pull to one side. But he had always managed to stop the car before. He hadn't thought it necessary to have anything done to it.

Bob felt badly about the whole thing; he was the sort of young fellow who would. He sold the wrecked jalopy to a junk man, and didn't even suggest getting another.

But in the meantime, the actuarial tables of the insurance companies had \$6,500 more to add to their loss column—and to charge up to young drivers. And Harry Foster's automobile liability insurance rate, along with that of a few million others of us with young drivers in our families, was just that much more likely to take another upward hike.

A recent survey by Lumbermen's Mutual Casualty Company disclosed that motorists pay \$125,000,000 a year in added insurance premiums for the luxury of letting their children take the wheel.

The cost of automobile accidents in terms of human lives—more than 32,000 last year—is staggering. You and I may have been fortunate enough not to have had that cost strike home, through the loss of relatives or close friends. But we pay the dollars-and-cents

cost, most of it billed in the form of premiums on our automobile liability policies. And it, too, is staggering; it ran to \$2,650,000,000 last year.

During the war, when the use of automobiles was limited by rationing and other wartime conditions, insurance rates were comparatively low; but after the war accidents jumped so much faster than rates that in 1946 the casualty companies lost more than \$80,000,000; in 1947, \$47,000,000. Obviously, rates had to go up, and they did; private passenger automobile bodily injury rates are 24.3 per cent higher now than they were in 1941, and property damage rates have increased 105.4 per cent.

Of course you can't put all the blame on young drivers. Everything has gone up—operating costs of insurance companies along with those of other businesses. And when an insured automobile is involved in an accident today, the insurance company must pay any damages for which it is liable on the basis of today's inflated prices. Not only are hospital rates and repair costs up, points out William H. Brewster, manager of the automobile division of the National Bureau of Casualty Underwriters, but higher living costs and wage levels have to be reflected in the damages required by injured people, and jury verdicts almost invariably take the devaluated dollar into account. The average bodily injury claim, says Brewster, is now \$442 as against \$299 in 1941, and the average property damage claim

has more than doubled. In other words, every accident costs much more.

But it is the young driver, more than that of any other age group, who is keeping the total number of accidents—and so the total bill—high. Last year drivers between the ages of 18 and 25 were involved in 26.9 per cent of all fatal accidents, though less than 20 per cent of drivers are in this age group. On all types of highway accidents, the record is similar. A recent survey in Massachusetts indicated that almost twice as many claims are made on automobile liability policies issued for cars in families which include young drivers as on those issued for cars never driven by anyone under 25; and the loss ratio is correspondingly higher.

These are statistics that the insurance companies have to take into consideration in establishing their rates, if they are to stay solvent. Most of them, in rate making, follow generally a manual published by the National Bureau of Casualty Underwriters which, among other things, establishes classifications of risks. The manual used to suggest three classifications for private passenger automobiles: A-1, A and B. An A-1 classification indicated a preferred risk: a car not customarily driven more than 7,500 miles a year, not used for business or driven by anyone under 25. This entitled the policyholder to the lowest rate. An A classification, at a slightly higher rate, indicated a private car, not customarily used for business, but with no limitation on mileage or the age of drivers. The B classification, at the base rate from which the A and A-1 discounts were figured, indicated a private passenger car customarily used for business. That was the system generally used up to 1948.

But in 1947, the insurance statisticians discovered that results in terms of losses were not following their lines of classification. The average A car was costing more in claims not only than the average A-1, as was to be expected, but even more than the average B. There seemed to be only one reason for that: young drivers. So in 1948, the A classification was further broken down into A-2 and A-3—the latter to apply to cars in households with drivers under 25.

That is why Harry Foster, and a lot of the rest of us with young drivers in our families, found our insurance bills higher last year. "Of course a lot of people beefed about it," one insurance executive told me. "But the only way the



insurance business can operate is to try to apportion the cost according to the risk."

Obviously, this is not always literally possible. Classifications are a matter of averages, and in any group individual risks vary. The experiences of one company with a certain Tennessee youth, for instance, present what is admittedly an extreme example of the young-driver risk rather than a typical one. Yet they may be illuminating.

Three years ago, this boy, then 15, was trying out his father's new car. Deciding to find out just how fast it really would go, he edged the speedometer needle up to 80. A woman, pregnant, was unlucky enough to be walking along the road—until the speeding car hit her. She survived, but after the insurance company had settled up her claim, its agent suggested that the boy be kept from behind the wheel until he had acquired more sense than to drive that way. Assured that this would be done, the company renewed the policy.

The next year Pop had another new car, and the son—now 16—was

allowed to take a girl out for a spin. Presently they saw a young friend ahead in another car, and took after him in a wild race. The other lad swerved to keep him from passing—and they ended up in a mangled heap on a front stoop. The insurance company paid up again, but this time wrote a restrictive clause into the policy. The boy was not supposed to drive any more.

He did, though, the next year. After all, he was 17, and Pop again had a shiny new car that was just crying to be tried out. Trying it out, the boy saw another car approaching an intersection and decided to get there first. The other car won—but also lost, when the young driver crashed into it. Two people killed this time, three seriously injured. The court held the insurance company liable, despite the restriction. So the company paid again, but, as seems understandable, decided it had had enough. Risk too great—all policies canceled.

The financial responsibility laws, requiring insurance, that have been passed in many states, make

that kind of situation a serious predicament for a car owner. To make it possible for those whose business was refused through normal channels to get insurance, and so keep their cars on the highways, the so-called assigned-risk plan was evolved some years ago, and is now in use in 41 states. Under this plan, involving a pool of companies working in cooperation with state authorities, the applicant for insurance pays a surcharge in order to get it, and the pool then assigns the risk to one of the member companies.

When the plan first started, those insured under it were few, and were almost invariably people whose driving records made them otherwise unacceptable to the insurance companies. In the last few years, however, thousands of young drivers have had to resort to the plan to get their cars covered. In the state of New York alone, for instance, according to Walter F. Martineau, deputy superintendent of the insurance department, the number of car owners insured by

*(Continued on page 77)*



FRANK SCHAUBLE STUDIOS

The more young drivers who can be properly trained at the beginning of their driving careers, the fewer unsafe drivers of all ages there will be in the future







# ... BUT PLAY FOR FUN

By GREER WILLIAMS and HAL BURTON

**T**HE ONLY exercise I ever get," commented Chauncey M. Depew, the railroad magnate, as he began to get along in years, "is while acting as pallbearer for friends who die from too much exercise."

Depew, we gather, was talking about men like Bill Jones. A former college football star, he set out as a young man to build himself a successful business. The effort left him no time for play—golf, hunting or anything else. By the time he was 45, however, he had plenty of money and an idea that he ought to be getting more fun out of life.

Of course, he recognized some changes in himself. He puffed when he tried to run upstairs and any quick exertion, even around his new house, seemed to tire him quickly. His friends kidded him about his paunch; he would pat it fondly and say, "Oh, I've just got a big chest expansion. It's slipped a little, but I'm going to get back in shape. I can do it."

The funeral services were held a few days later. On the death certificate, the doctor simply wrote the cause as "heart failure." Bill had gone out with his two boys and some neighborhood kids to play a little football. He was going for a sure touchdown when he collapsed and died. "It all goes to show," said a friend, "that a man more than 40 shouldn't exercise."

On the contrary, physicians and physical education experts say that the rocking-chair kibitzer is all wrong. You can exercise after you pass 40 and, as a matter of fact, you *should*. You will have to listen to the experts, however, and use some judgment on when you should exercise, what kind you



Pressed for time? Exercise at your desk

should take and how much you can stand.

For example, about this time every year many men make their biggest mistake. They put away their golf clubs, tennis racquets, fishing rods, hiking shoes and swimming trunks and forget about exercise for another winter. These summertime athletes apparently think both fat and muscle can be put on or taken off with the changing seasons, like winter underwear and white linen suits. A young man can get away with it, but a middle-ager can't go on laying off in the fall and coming back in the spring. It's dangerous. It's also needless if you follow the advice of authorities. You can work out a wintertime schedule that will keep you in condition.

Perhaps you'd like to renew your acquaintanceship with handball, badminton or tennis, all fast and demanding games. Can you take it? Dr. Donald B. Thorburn, a member of the New York Board of Medical Examiners and himself a vigorous athlete at 53, says the an-

swer depends on your physical condition.

"The average business man of 40 or more should take stock of himself," he cautions. "He should see his doctor. He should have an electrocardiogram to establish the state of his heart. He should check on his blood pressure, his kidneys, his diet. Whether or not he exercises, he should cut down on fats. These are transformed by bodily processes into cholesterol, a substance which lines the blood vessels and sometimes pinches them shut, causing a fatal thrombosis.

"For not until you know your limitations can you plan intelligently on a program of exer-

cise. Unless you've kept yourself fit, begin with at least a month of calisthenics. If you join a gym class, tell the instructor your limitations beforehand. Then follow more than one form of exercise. If you play tennis, essentially a competitive sport, spend a little time hiking as well. If you play golf, take up some court game.

"Most important, play for laughs. Don't compete, or you'll throw yourself too vigorously into a game. You make work out of it. After 40, you're old enough that it doesn't matter whether you win or lose. To make it easier in a court game, play doubles, not singles. That lessens the urge to compete.

"And don't overdo. If you feel tired, it's time to stop. Once you stop, cool off slowly. You've worked up a sweat, as you should. Wrap yourself in a robe, sweater or towel. Give the blood a chance to clean out the lactic acid which causes muscle spasm. Perhaps ten minutes later, go into the swimming pool or duck under the shower.

"Exercise helps the circulation



of the brain. The tension of modern times tends to clog our mental storehouses with jealousies and complexes. In sports, we experience both disappointments and triumphs. We go back to our primitive selves; we expend our pent-up venom in a harmless and helpful way."

The most dramatic evidence of what exercise can do can be found in most any hospital these days. Go into the surgical ward; you will find men less than two or three days off the operating table sitting on the side of their beds and taking their first faltering steps. In the maternity ward, mothers with three- or four-day-old babies will be up and walking. Bed rest, mandatory in the critical stages, is dangerous if prolonged.

"The longer you lie in bed without normal motility, the greater the opportunity for the muscles to become flabby," says Dr. Donald B. Armstrong, vice president of the Metropolitan Life Insurance Company in charge of Health and Welfare. "Your nitrogen balance is thrown off kilter; the system is relaxed and inactive, and there is more danger of blood clots or lung congestion. That's why doctors now get their patients out of bed at the earliest possible moment."

and employees, most of them desk workers, have been tested in the last 18 months to determine just how much and what kind of exercise is most suitable for them. Kjell J. Peterson, physical director, is a man with some positive ideas on the subject.

"We try to gauge the exercise to the man's needs," Peterson says. "First, we check his lung capacity; then we measure his abdomen. We give him half a dozen tests of coordination and timing. In general, we have found that if a man's stomach is two inches greater than his chest when expanded, he'd better do something about it—quick! The mortality in this group is 50 per cent higher than in any other physical group."

"A lot of our people are commuters. They ought to get up early and do calisthenics at home, but often they don't. So we have exercises that can be done at a desk, or in bed, once a day. The most important thing is to form the habit of exercising. Ten or 15 minutes daily can be enough. Or, by maintaining a series of helpful positions all day, you can do yourself as much good as by carrying out a concentrated program."

"Sitting in the office, you can strengthen and shorten your ab-

'knee puller.' Pull each knee in turn up to your chest, at the same time lifting your head up. Do this ten times with each knee. And, also in bed, you can 'bicycle,' rotating the legs as if you were on a bike."

The New York Athletic Club's 8,000 members make it the largest establishment of its kind in the world. There, you can see another side of the picture—organized and carefully supervised athletic training. A business man's gym class has been in continuous operation for the past 25 years. Drop in at 5:30 p.m. any day, and you'll discover what a scientifically planned conditioning program can do.

For half an hour, youngsters of 30 snap through cadenced movements to limber the muscles, strengthen the legs and trim sagging stomachs. Men in their late 40's, moving a little more slowly, resting when they feel like it, follow the crisp commands of Carl H. Davis, the instructor, a business man himself, 57 years old. On an adjoining hand tennis court, Dr. George B. McAuliffe, 84, goes through two brisk sets of doubles, proving that the "sage age" for exercise never ends.

"Once you start, don't give it up," is Dr. McAuliffe's advice. "Always do a little exercise. If you have to go on the road for a few weeks, do setting-up exercises in your room. If you gauge your sport by your physical condition, you'll never need to quit. Look at King Gustav of Sweden; he still was playing tennis at 88."

The motto of this elaborate sports installation is *Moderation*. Newcomers are turned over to George Multer, the gymnasium supervisor. He starts them out riding a bicycle mounted on a platform, leads them to weights and pulleys, lets them toss a medicine ball back and forth 16 times and then sends them around the gymnasium, walking one time, jogging one time. If fit, they go from this regimen to hand tennis for 20 minutes a day. This is a miniature form of the sport in which no racquets are used. Thence, they go on to badminton for ten minutes.

"It takes a month to put a man in shape," says Multer. "After that, it's up to him to gauge his own physical fitness. The main thing is to avoid spasmodic exercise. It does more harm than good."

The specific amounts of exercise which are desirable have been charted by Dr. Thorburn, a New York A. C. member, and closely

(Continued on page 70)



The "bicycle" exercise is one made to order for your bed

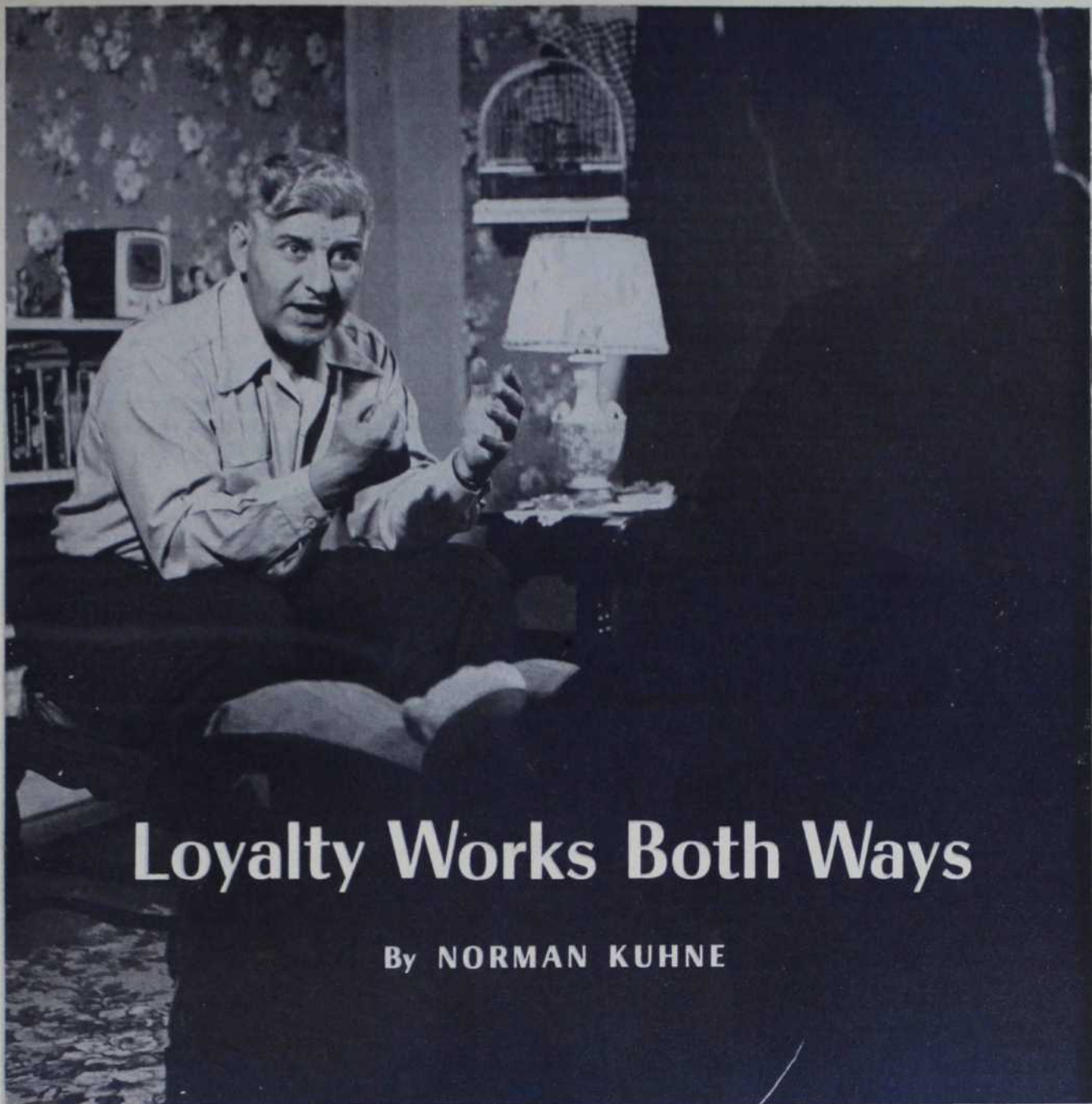
Diseases of the heart and its blood vessels are America's greatest killers—responsible for one in every three deaths. Part of the problem is hypertension, or high blood pressure. Thus, if either of these ailments shows up on your medical report, exercise will have to be carried on with great care—if at all. Generally, some exercise is permissible.

In Metropolitan Life's mammoth gymnasium, 600 executives

dominal muscles by drawing in the stomach and then pushing it out, in rhythmic cadence to your breathing. When you get up in the morning, while you're putting on your trousers, you can do our 'knee-lifter.' Stand erect, raise each knee three times in turn, grasping it with your hands and then trying to touch the knee with your nose.

"Even before you get out of bed, lying on your back, you can do the





# Loyalty Works Both Ways

By NORMAN KUHNE

**T**WO Detroit business men, both of whom manufacture parts for the automotive industry, were talking recently during lunch. One said:

"One of these days I'm going to pack up and move out of here. People just don't want to work any more. The plants in Atlanta are turning out more cars, man for man, than any factory in Detroit. There's too much featherbedding. We hire four men to do the job of two."

"Yes," the other rejoined, "and I'm trying to compete with a plant down in Indiana that pays 20 to 30 cents less an hour and got a ten-year tax exemption. I can't see where I can hold out much longer."

Detroiters say they've been hearing talk like this for years, ever since the United Auto Workers began to organize the shops back in the '30's. Hence they're inclined to discount it. But they concede that labor-management relations are the leading topic of conversation in the motor capital which rarely experiences a day without a work stoppage or industrial controversy.

**WITH THE air full of wage negotiations, what does the rank-and-file worker want from management and what can it expect from him?**

A key man in these controversies is Mario Zutelli, a third-generation American of Italian descent, 26 of whose 47 years have been spent as a production worker in Detroit's automotive shops. Zutelli, a body mechanic, is the man management has in mind when it says labor doesn't want to do an honest day's work any more. He's also the man whom the union has



in mind when it says the company is trying to push labor around. Although no one person typifies the rank and file of American labor, without exception, Zutelli in his history and in his attitudes is representative of thousands in mass-production industries throughout the United States.

What does Zutelli expect from management and what does he propose to give in return? What does he consider a fair wage and how hard should he work for it? What are the shortcomings of his union and what are his gripes against the company? What are his responsibilities to the public? Does he see any hope for lasting industrial peace—and how can it be achieved?

To find the answers to these questions, I talked with Zutelli, who is an actual person. I talked with his wife and his children, visited his home, ate at his table, joined him in Sunday worship, and sat at his side during a meeting of his union local. And I checked Zutelli's story with other workers in Detroit. I found that his opinions and ideas were sup-

ported and substantiated everywhere I went.

The rank and file working man, in his ideas and his aspirations, is not quite the individual pictured by union officialdom on the one hand and by management spokesmen on the other. Draw out his opinions and you'll find some of them contradictory but understandably so; some of them surprisingly conservative, some of them about what you might expect. And if the attitudes of the average worker are any criterion, good industrial relations rise or fall on simple human and material values, not on abstract socio-economic theories nor on federal or state laws.

If Zutelli is anything of a prophet there may be more unrest in Detroit in the next few months than in the years immediately past. After that, conditions should stabilize.

The rate of production—the speed-up versus the featherbed—will be a major bone of contention. Zutelli thinks this will be the case in manufacturing generally. He's willing to concede that workers

could use some short cuts and turn out more work in a day. He's for this within reason. He'd like to see greater productivity result in a lower-priced car. It's not that he's disturbed about levels of profits, but he thinks lower prices are needed to maintain sales and employment, which is what interests him.

But he says it's unfair to blame the union alone if productivity is lower now than before the war.

"Sure there are more men on the line today. But don't forget these '49 jobs are a lot fancier than the '39 jobs—so many more operations you hardly got room to work. You're trying to finish your job and the next guy is trying to start on his. He gets in your way and you get in his and it just naturally slows things up."

During the war years, Zutelli claims, management was willing to take things easy on the production front.

"Sure there was a lot of hoopla. But the straw bosses used to tell us not to kill ourselves—that all of the work was on a cost-plus basis. It doesn't take long to get into the habit of taking it easy."

Then, too, according to Zutelli, many men got their first jobs in industry when labor was at a premium. These workers don't appreciate what it means to hold a job under normal conditions. At first the companies weren't too much concerned because the added costs of production could be passed along to a car-hungry public, willing to buy at any price. With competitive conditions restored, things are going to change.

Although he's in favor of job protection, he sees some flaws in the seniority system, and concedes that sometimes its inflexibility is a stumbling block both to management and labor.

"I don't blame the company for wanting to get rid of some of the 'eight-balls' they put up with during the war. We've got one in our department and nobody wants to work with him. Every time I get him as a partner on a job he expects me to pull my end of the load and half of his, too. He was fired recently, but the union had him back on the job within three days."

And, because seniority in most companies is handled by depart-

PHOTOS BY JOE COVELLO FROM BLACK STAR



Overtime has enabled  
Zutelli to put up his  
house and to pay debts



ment or plant, it has tended to immobilize labor and restrict the opportunities of the average worker.

Usually if a man wants to transfer to another department, plant or company because of a desire for a different type of work, a belief that advancement will be faster, that working conditions will be better, or whatever the reason, he goes to the bottom of the seniority list. Most men don't want to risk transfers under this condition. And the system has pretty well closed the traditional road of advancement to the man with the added drive, willing to do that something extra in the interest of a promotion. But it has also narrowed the orbit of the apple polisher and that's fine with Zutelli.

Despite contrary claims, he is content with his hourly rate of pay.

"Sure, I'd like to make more money—who wouldn't? But we can get along all right if there aren't too many lay-offs," he says.

If there is one thing that's uppermost in his mind, it's the desire for steady work—40 hours a week, 50 weeks of the year. Others may go in for theories about guaranteed annual wages, a sense of security, and so forth, but he thinks about steady work in more homely and practical terms.

"That's a new refrigerator over there," Zutelli said. "We had the old one for more than ten years before it burned out. Didn't pay to fix it up. But I thought a long time before I bought a new one. You gotta make the payments every month, on time, whether you're working or not. And lately I've been losing about a day a week.

"Sure, we could get along on what we make if we knew we were going to put in 40 hours a week. But you don't want to buy anything on time when there are lay-offs. I know because I tried to keep up payments on a house."

To understand why he has some of his views, it's necessary to know something about the man and his experiences.

In June, 1920, Zutelli was graduated from high school in Rockford, Ill., and got his first job in a local sheet metal shop at 30 cents an hour. Two years and a five-cent-an-hour raise later, he decided that the nearby city of Chicago would offer more opportunity and adventure.

Young Zutelli soon discovered that most of the trades in the Windy City were tightly organized. His hope of becoming a steam fitter died when he was told that



**Son Bob earns his own spending money delivering papers**

even the long route of apprenticeship was closed because of a full quota.

Then in factories where he worked at odd jobs, Zutelli heard talk of big things in Detroit. He listened as the men told of the great new industry abuilding in Michigan that paid wages of \$8 a day. He grabbed a boxcar for Detroit to see for himself.

As he made the rounds he learned that the wage scale he had heard about was fictitious. Soon he considered himself lucky to get an oiler's job with an axle company at 50 cents an hour.

When a truck driving job with Paige Motors offered a nickel more an hour, he took it.

One day he passed a Ford plant and noticed some men lined up by the employment office. Partly out of curiosity and partly from a desire to get back to metal work, he took his place in line. He says he got a job because he was from out of town.

"That was the kind of suckers they wanted in those days—guys from the farm and from other states."

A few months after going to work at Ford, he met Freda Rubinen, who had come from Michigan's Upper Peninsula to take a job as a domestic with a Detroit family. Six months later they were married.

After living for a time in a light housekeeping room, they bought a small bungalow in Highland Park—\$150 down and \$35 a month.

"We had a lot of money in the

bank—\$650 it was," Mrs. Zutelli recalls.

Buying that house is one of Zutelli's few regrets.

"Pretty soon we could see the house wasn't going to last till we got the \$5,200 we owed on it paid off and I was glad when we later could sell it and get our money out," Zutelli explains.

Not wanting to fall behind on the monthly payments on the house was one of the things that kept Zutelli on the Ford job—that and the fact that from the start he was paid \$6 a day instead of the \$5 he had been promised. Aside from that he is reluctant to discuss his four years as a body mechanic with that company.

Mrs. Zutelli talks of those days more freely and recalls how her husband used to come home at night dog tired, sometimes falling asleep without supper.

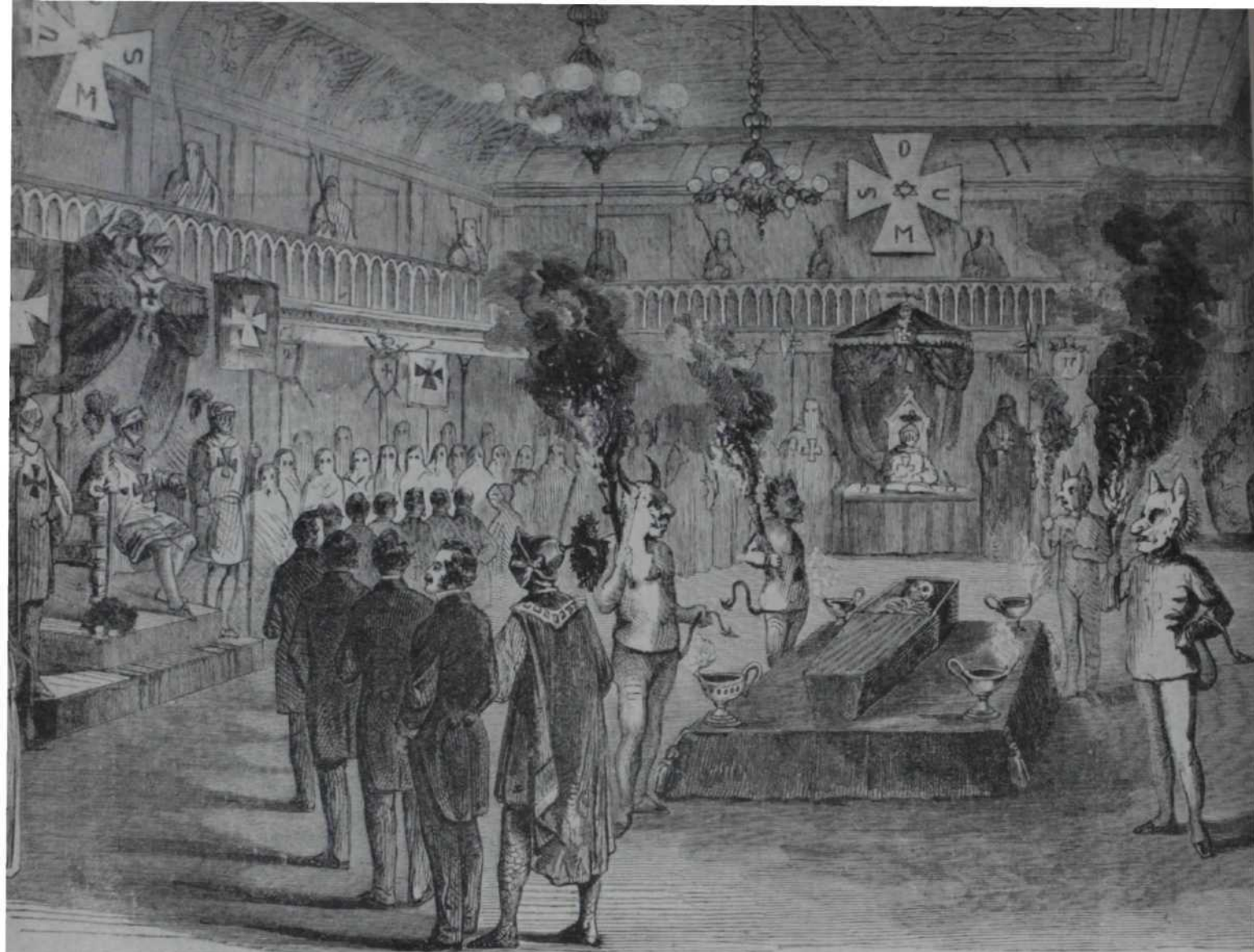
"Mario was sort of a hothead when he was young and I used to get worried the way he talked about the Ford service department, about Harry Bennett and the helpers he hired to keep the men under the bull whip," she says.

But even so, the Zutellis have no feeling of bitterness toward management.

"I've always had enough to make a living, even if things were pretty tough at times. The house we have now is paid for. My kids are grown up and I've got the best wife in the world. I guess I'm pretty lucky," Mario says.

*(Continued on page 74)*





# It Takes Three to Make a

By MILTON LEHMAN

**W**. N. SWINDELL, one of the last of the vanishing Red Men, sometimes thinks back to a night at the turn of the century. He was standing in front of a drugstore in Anacostia, D.C., with some of the boys. They were watching pretty girls go past, when Swindell heard someone hollering for help in a building across the street.

"What's that hollering?" he demanded.

"Why that's the Improved Order of Red Men," said one of the boys. "They're holding a secret initiation."

Young Swindell, now 72, went to investigate and was invited in.

"They made me a brother," he says today. "They gave me feathers to wear and told me the secrets. I held every station in the Mineola tribe from Guard of the Wigwam to Keeper of the Wampum, but I never did find out what the hollering was about."

Still, there was considerable hollering in those days. Preachers stormed that the secret orders were leading men away from church and family into the arms of perdition. Politicians debated the merits of secret fraternities and Charles Francis Adams, the somber first citizen of Boston, declaimed: "A more perfect agent

for devising and executing conspiracies against church and state could scarcely have been conceived."

There were dozens of secret orders then, active in every city and township in the country. The man of distinction wore his lodge pin proudly. He kept his bright uniforms in better repair than his business suits and preserved his ceremonial plumage in a hatbox filled with black pepper, believed a sure proof against predatory insects. He could detect a brother on his travels through the whispered password and the secret grip, accomplished by much twist-





BETTMANN ARCHIVE

# Lodge

ing of thumbs, forefingers and knuckles. "Give me the grip, brother!" was a national challenge to the confines of the lodge.

The lodge itself was sacred, part of an old tradition that man deserved a place away from the house. The tradition went back at least to the head-hunters of Borneo, who set aside one shack in their village for men only. The latter-day lodge was also a stronghold for the embattled male. Into the lodge the members came on meeting night. In plumed hat or feathers, a man would rule for an evening as Sovereign Commander or Sir Knight, Grand Potentate or

**FRATERNAL** orders still thrive, but emphasis has shifted from secrecy and security to public charity and to their private clubrooms

Great Incohonee. But now the old order has changed. Slowly at first, then with the relentlessness of a moving iceberg, the lodge has turned and twisted in its course. The shadow cast by the ladies' auxiliary has darkened: some ladies have even managed to enter the sanctum of the meeting hall! The pride in secrecy has subsided; many of the top-secret brotherhoods are fading, replaced by more outgoing societies like the Eagles, Elks and Moose, by service clubs like Rotary, Lions and Kiwanis, and by veterans organizations of two world wars. Of the old orders, only a few, like the Masons, are attracting younger Americans and really thriving. Others are breathing heavily, while their aging brethren look wistfully back to the days when

they were young and powerful. "Something," as Swindell puts it, "has gone out of America."

Recently, I visited Alexandria, Va., and Chambersburg, Pa., both active lodge towns, to see what was missing. The Red Men, I found, were gone from both places and so were the Royal Arcanum, the Knights of the Golden Eagle and the Knights of Friendship. In Chambersburg, the Junior Order of the United American Mechanics still turns out for the Community Softball League, but there are few junior members. In Alexandria, a lonely veteran of the Knights of the Maccabees, explained:

"In the old days, folks entertained themselves. The women turned out for the sewing circle

Once strongholds for embattled males, some lodges now court the distaff side by sponsoring a ladies' auxiliary

EDWARD BURKS





and the men went all out for the lodge. But now, folks want to be entertained. First came the automobiles, then movies and now television. It's the same all over the country. Unless you turn the lodge into a card room and beer parlor, you won't draw the brothers."

In both towns I visited, the Elks, Eagles and Moose are doing well, stressing the virtues of public charity and a private clubroom, rather than secret rites. While the new-style orders, like the old, attract members through health benefits, there is less concern for fraternal security. One reason, perhaps, is that the newer orders have fought for security as a national program. When Franklin D. Roosevelt signed the Social Security Act in 1935, he gave the pen he

many citizens, like Swindell, joined out of pure curiosity. "I just wanted to find out the secrets," he observed, "And I wouldn't tell you what they are even now. But everybody knows the origin of the Red Men and it won't hurt to tell that. It began with the Boston Tea Party, when the Sons of Tammany disguised themselves as Indians and threw the tea into the Boston harbor. They were standing up for their rights—that's what the Red Men believe in."

Using Indian symbols, the Red Men called their lodge a wigwam and their leader the Great Incohonee. When the wives finally pressured the men for a ladies' auxiliary, they named it the Order of Pocahontas. A few years ago, national headquarters launched a

"It's an inborn instinct to belong to a secret society," the Masons used to say.

Whether instinctive or not, the secret societies are less active than they used to be. Harry W. Mong, job printer of Chambersburg, still looks back fondly to the days when he went on initiating junkets to Harrisburg and Pittsburgh for the Knights of Pythias. "Everybody wanted us to officiate," he said, "because we had a crack degree team—the best in Pennsylvania."

In those days, a man would join a lodge to get out of the house at night, as well as to share fraternal spirit. One aging joiner, out of earshot of his little woman, confessed: "Oh, it was a busy life. On Monday nights, the Knights of



EDWARD BURKE

The Eagles arrived in Alexandria, Va., in 1902. Today there are 2,400 members in town

used and the flag that flew over the Capitol that day to the Fraternal Order of Eagles. The Eagles, he said, had pointed the way.

Most of the old-time joiners grow nostalgic as they consider the fading fraternalism. But a few are bitter about the failure of several defunct societies to pay off promised benefits. After hard times and dwindling memberships, some of the orders expired before their members.

In the heyday of secret orders,

campaign for new members, awarding an engraved tomahawk to the most successful recruiters.

The love of ritual itself was an attraction to young Americans, although it startled many a visitor from the older, blasé countries of Europe. It was a visiting Frenchman who first observed: "*Mon Dieu*, it takes only three Americans to make a lodge!" But many Americans, from the President down to the humblest citizen, saw secret orders as a necessity of life.

Friendship met. On Tuesday, there was the Patriotic Order of the Sons of America. On Wednesday, the wife didn't mind because I had to go to choir rehearsal at the church, and she could come along. On Thursday, the Junior Order of United American Mechanics got together and on Friday, somebody always called a committee meeting."

Today, the joiners are much less occupied. Even the Independent  
(Continued on page 58)



# So You're Not Tall, Dark and Handsome

By JACK HARRISON POLLACK



**M**AYBE you'd better take a good look at yourself in the mirror before reading this article.

Did you notice your hair getting thinner? Are there new wrinkles under your eyes, white hairs creeping around your ears? Perhaps you're now plotting the part in your hair—like I am—to try and hide those unwelcome bald spots. And in a desperate effort to conceal those age spots, are you now hopefully wearing sport clothes—sometimes even at business meetings?

Sure, you should put your best face and figure forward in grappling with business man's bulge and that after 40 look. But let's really face it,

**IF YOUR** thatch is thinning,  
your chest slipping, remember  
that beauty is but skin deep

fellows: we're no longer youthful Beau Brummels. Some of us are even homely, aging mutts. That doesn't mean we can't be loved, have lots of friends and be successful.

One of the most successful New York industrialists never copped any beauty prizes. His features aren't what the adjective-slingers would call "attractive." In fact, this tycoon is so sensitive about one of his features—his receding Andy Gump chin—that for years he has refused to allow himself to be photographed showing it. Unconsciously, though, he has capitalized on it. Aware that men with receding chins were popularly portrayed as having weak characters, he developed a very strong one—and became a leader in his field at an early age. Without realizing it, he cashed in on his lack of beauty.

A prosperous western business man also found out—more consciously—that it sometimes pays to be homely. As a young man on his father's ranch he was kicked in the face by a wild horse. His jaw was broken, his teeth knocked out, his nose twisted.

"My face looked like a battlefield," he recently remarked. "But in my hospital bed I resolved that I wasn't licked. I still had my brains and was going to use them to make money. Lying there, I dreamed up a new way to merchandise an old product. Frankly, it was the luckiest thing that ever happened to me—being kicked in the face by that horse."

Few of us are physically perfect. There's usually something wrong with *all* of us from seven to 70. Yet you can go places—and do things—without being an Adonis by cultivating a substitute for beauty. A pleasing personality wears much better than vanishing pulchritude. As one rhymster put it:

*Beauty is but skin deep,  
Ugly lies the bone;  
Beauty dies and fades away  
But ugly holds its own.*

Practically speaking, there's a real advantage in not being too good looking. For one thing, other



It's moot which is the vainer sex



men aren't as jealous of you! Too many handsome men try to get by on their looks alone. True, the fellow with looks, brains and ability who works hard has an unbeatable combination. But the difficulty in having excessive good looks is that the possessor often rests on his comely laurels rather than having the incentive to develop his other capacities to the fullest. Empty-headed pulchritude has ruined many a budding career. Think of some of the Romeos you grew up with who thought the world was their oyster—but discovered otherwise. Yes, being born handsome—like being born wealthy—can have its disadvantages.

Men usually make a greater impression with distinctive, bold or blunt features which are easier to remember than mere "good looking" commonplace ones. Women, naturally, are more concerned with the swan vs. ugly duckling problem but as a shrewd male once warned, "To marry a woman just for her beauty is like buying a house for its paint." Homely women, true, usually must work harder than pretty dolls. Eleanor Roosevelt was once asked what she considered her greatest achievement. With her customary candor, she quickly replied, "Overcoming protruding teeth and a receding chin."

or "compensation" for a feeling of inadequacy elsewhere.

Vanity often prevents us from seeing ourselves with other people's eyes. Recently in the home of a distinguished, much-photographed elder statesman who was quite handsome as a young man, I observed a flattering portrait of him on the wall and remarked on it.

"Oh it doesn't catch the real me," he seriously protested. "Haven't I got better features than that?"

Most popular ideas about people's features are pure bunk! So beware of them. When you meet someone for the first time, don't let his appearance fool you. His inside may be quite different from his outside. Remember the poet's tip:

*Things are seldom what they seem,  
Skim milk masquerades as cream.*

For example, a square chin is no more a sign of strong character than a bone-crushing handshake. When psychiatrists probe beneath the jugged jaw and vigorous mitt manipulator, they often find a willy-nilly, frightened character whose thrusting chin and manual grip cover inner uncertainty.

Take shifty eyes. Regardless of what you've seen in the movies, they don't necessarily mean a man is deceitful. One study reveals that most people can look you directly in the eye when lying to you!

Watch out for such booby-trap expressions as "thin mean lips," "wicked sharp nose," or "vulgar wide mouth." A high forehead doesn't signify brain power any more than big ears or stuttering denote stupidity. To be a great man you don't need to possess a great thumb any more than you must be bushy browed to be a great lover. Science has come a long way from the phrenological days when a man's character was determined merely by the bumps on his head.

Despite science's recent findings on how misleading looks can be, myths about individual features persist. Tall people, for instance, are generally believed to be more successful than short ones. If anything, the reverse is true. Napoleon, Churchill and countless present-day titans of industry didn't do too badly with sawed-off stature. Like many short men, they compensated for their diminutive figures with a driving power.

But the average middle-aged man needs to be reasonably confident of his outward appearance to be happy. To preserve his vanishing youth, retain his thinning locks and girdle his unwelcome curves, he shells out millions of hard-earned dollars annually.

Though beauty-chasing women spend far more to have their hair dyed, noses bobbed and faces



### Neither jugged jaw nor potent paw reveal the man

On the other hand, if Nature endowed you with good features, by all means make the most of them. But don't parade them to a grotesque degree like show-off women at parties with shapely attributes who make sure you have ample opportunity to ogle them! Or the handsome senator who is so enraptured with his flowing locks that he can't pass a mirror in public without running his comb or hand through them!

Psychiatrists are prompt to say this is "escape"



lifted, the age-old question as to which is the vainer sex will probably never be resolved. I pondered this recently while observing the elevator etiquette of a Chicago business man. At first he peered casually in the mirror behind him. Then he spun around so as to be able to stare into it full face. Alighting, he strolled up to a haberdasher shop. But it wasn't the shirts in the window that lured him so much as the huge mirror on the side. Nattily, he gazed into it as he dimpled his tie, smoothed his sideburns, twiddled his mustache and snapped his fedora. If I weren't so busy watching him, I probably would have been doing the same thing myself!

Few of us realize what we look like—to others. Our emotions and egos keep us from seeing our outward appearances accurately. "One may wear rose-colored glasses while looking at the self as well as when musing on the prospects for a good business year," reminds Dr. Gardner Murphy, prominent New York psychologist. University of Colorado psychologist Dr. Victor C. Raimy adds: "We perceive ourselves just as we perceive a chair or another person. *What* we perceive in ourselves may have only partial correspondence with what other people perceive in us. Yet we behave in accordance with our own perceptions."

In a field where good looks are believed important—the theater—they need not be, observes columnist Leonard Lyons. The two leading successes on the Broadway stage today are Ezio Pinza in "South Pacific" and bald Lee Cobb in "Death of a Salesman"—neither of them male beauty contest material.

### Women look more closely

WOMEN generally observe us more closely than we do them. The most that a man can frequently report about the girl with whom he is madly in love is the color of her hair or eyes! Women confess that what they notice first about men are their faces, figures, whether they need a deodorant and their clothes.

Though clothes may help make the man, many successful ones have had contempt for this school of thought. Loose-fitting Irvin Cobb, baggy pantsed Leon Henderson, usually disheveled Heywood Brown and many others never let fashion interfere with their success.

Neither did Mark Twain who was once rebuked by his wife for not being properly dressed when calling on a Connecticut neighbor. After listening to his wife's tirade, the irrepressible creator of Huck Finn hurriedly wrapped a small, neat package which he then had a messenger deliver to his neighbor with this note:

"A little while ago I visited you for half an hour minus my collar and tie. The missing articles are enclosed. Will you kindly gaze at them and then return them to me?"

But "you are more apt to be a well adjusted member of society if you are not ashamed of your appearance," advises Dr. Sandor Lorand, leading New York psychoanalyst. Many men who were nicknamed "dog face," "eagle beak," or "big ears" have never gotten over the cruel epithet applied to them



One man's mane is his mania

in their childhood—and have needlessly suffered as a result.

Today, through the intelligent use of plastic surgery, medical science has helped restore the confidence of many an unhappy individual. Plastic surgery has even been effectively used on convicts. Chicago's Dr. John Pick conducted a successful 12 year experiment among hardened criminals born with physical deformities. Thanks to scalpel and psychology, almost all of the ex-convicts became law-abiding citizens.

So if it will make you any happier to seek competent medical advice about improving your appearance, by all means do so. Though your face may

not be your fortune, it's your most distinctive, outward emblem to the world—the thing about you most vividly remembered. It is your showcase, the only part of you *always* on display. As one philosopher put it, "If we really had modesty, it is our faces that we should cover. By comparison our legs are anonymous, our bellies uneventful."

However, if your nemesis isn't correctable, don't despair. Meet it realistically and you may yet turn it into an asset as Franklin Roosevelt, Jimmy Durante and millions of others have done. J. P. Morgan didn't let a bulbous, red-pimpled nose hold him down. Neither did a 32 year old ex-GI—paralyzed from shoulders to toes—who recently built from his wheel chair a \$1,000,000 import-export business in Massachusetts.

Sometimes even a minor handicap can be an asset. A partially deaf friend of mine, who, like many men, is too proud to wear a hearing aid, tells people whom he meets for the first time about it so as not to miss any of the conversation.

Recently he met an important business contact whose good will could mean a lot to him. After being introduced my friend explained, "Would you please speak a little louder? I'm somewhat hard of hearing."

To his surprise, his influential host replied, "So am I. Let's both shout at each other!"

They did—and got along royally.

In the long run, neither handicaps nor good looks mean very much. *Real* beauty stems from within. Outer good looks will never cover a warped and ugly soul.

While they may mean everything to superficial people, to most of us, *inner* qualities are far more important. Fine character inspires love and respect infinitely more than fine features.

Lincoln's short-sighted enemies campaigned against his "ugliness." On one occasion, a little girl, taken to the White House by her father to visit President Lincoln, was warned about his homeliness.

The Great Emancipator put her on his knees and playfully joked with her. Suddenly, the little girl turned to her father and protested:

"Daddy, he isn't ugly at all. He's just beautiful!"





CHARLES HOFF FOR N. Y. DAILY NEWS—ONE OF "THE GREAT PICTURES—1948"

# How to *JUDGE* a Boxing Bout

By EDWARD P. F. EAGAN

Chairman, New York State Athletic Commission

NEW YORK STATE ATHLETIC COMMISSION  
JUDGES SCORE CARD  
DATE DEC 5 1948  
CLUB 20<sup>TH</sup> CENTURY SC  
NAME J. LOUIS NAME J. WALKER

WINNER OF ROUND	CLEAN EFFECTIVE PUNCHES	DEFENSE	AGGRESSIVENESS	POINTS	15 ROUNDS	POINTS	DEFENSE	AGGRESSIVENESS	WINNER
L					1	3			
L					2	2			
W				1	3				
W				1	4	3			
W				1	5				
W				1	6				
L					7				
L					8	2			
L					9	1			
E					10				
W				1	11				
L					12	1			
W				1	13				
W				2	14				
W				1	15				

REMARKS—  
8 9 11 2  
*[Signature]*



**W**ITH television featuring boxing, millions of new spectators are enjoying the bouts in their own parlors. Although I doubt whether anyone can escape being thrilled by a good match, those who see only a couple of earnest young men trying to hit each other with their fists will get less enjoyment out of it than those who have a clear idea of what is going on.

Moreover, the spectator who knows how a bout is scored has the further fun of comparing his judgment with that of the ring officials and—not least—making “expert” comments while the bout is progressing.

Fortunately, the rules of boxing are not complex and judging a bout as prescribed by the New York State Athletic Commission has been simplified as far as possible. Almost anybody who takes the trouble to follow a few pointers can qualify as an authority at his own ringside—and increase his enjoyment of the fight broadcast in addition.

Now, imagine that you are watching a contest originating in New York State. The verdict may be as follows: A knockout by either boxer; a decision either way; a “draw” or the bout can be stopped and declared “no contest” if the referee thinks the participants are not trying.

Three officials work a bout in New York; a referee and two judges. Each tabulates his score at the end of each round and at the end of the contest. The majority of two votes decides the winner, or if two officials vote for a “draw,” the bout is declared a draw. The decisions of New York ring officials are based on four items evaluated in this order:

1. Clean hits
2. Effective aggressiveness
3. Defense
4. Ring generalship

In evaluating these items more consideration must be given to the boxer who scores most often on his opponent and displays greater aggressiveness throughout the contest than to the one who stays on the defensive and depends on ring generalship to get by. In determining how many points a boxer has won during the three minutes of fighting in each round, the New York system provides numbers from one to four. These numbers take into account all the elements that go into winning a round.

In scoring in New York the Athletic Commission has reduced the points to a simple basis. It scores one to four points for the boxer who wins a round; none for his opponent. At the end of a

round, if the official has to stop and consider which man won, he scores one to nothing for the victor. If there is no doubt in his mind, and it is still not a one-sided round, he scores two—nothing. A one-sided round is three—nothing. A one-sided round plus one or more knockdowns is four—nothing. He also indicates “W” for win, “L” for lose, and “E” for even, so that he has the score of rounds as well as points.

All three officials deduct one point for a foul called by the referee, giving the round to the fouled boxer by at least one point. James J. Farley, when he was State Commission chairman, put in the “no foul” rule which, in my opinion, has done much to preserve boxing. Before this rule, there were many disappointing endings when bouts were stopped because of fouls. Each boxer fighting in New York now must wear a belt protector which makes a low blow almost harmless.

At the end of a bout a New York ring official can review the margin by which each round has been won. With the exception of a 15 round championship match, most main event bouts in New York are for ten rounds. If each contestant receives five rounds, the winner is the one who has the most points. If the points are also even, the official can give the decision to the man he thinks is in the better physical condition at the end of the contest.

He may do that, even if a boxer has won fewer rounds than his opponent. A man who wins the first six rounds, for instance, but tires and takes severe punishment from a more rugged opponent in the last four, may lose the bout.

However, it is not good to put too much emphasis on the phrase that is often heard, “If the bout had gone 12 rounds, Joe would have beat him.”

The point is that the match wasn't going 12 rounds and both boxers knew it and should have paced themselves accordingly.

This state of mind hangs over from the “good old days” when all boxing matches went to a finish. Incidentally, I am inclined to doubt that modern audiences would care much for that kind of matches, even if they were held

NEW YORK STATE ATHLETIC COMMISSION

**JUDGES SCORE CARD**

DATE DEC 5 1947

CLUB 20th CENTURY SC INC

NAME J. LOUIS NAME J. WALCOTT

ROUND	CLEAN EFFECTIVE PUNCHES	RING GENERALSHIP	AGGRESSIVENESS	DEFENSE	POINTS	WINNER OF ROUND
1	0	1	3	✓	W	W
2	0	2	2	✓	W	W
3	2	3	0	✓	L	L
4	0	3	✓	✓	W	W
5	0	0			E	E
6	2	0			L	L
7	0	1	✓	✓	W	W
8	0	2			W	W
9	0	0			E	E
10	2	0			L	L
11	0	2			W	W
12	0	2			W	W
13	2	0			L	L
14	2	0			L	L
15	2	0			L	L

REMARKS: 6 W 12 E 2 W 7  
KNOCK DOWN - 1ST ROUND  
KNOCK DOWN - 4TH ROUND  
Referee: J. J. Farley

NEW YORK STATE ATHLETIC COMMISSION

**JUDGES SCORE CARD**

DATE DEC 5 1947

CLUB 20th CENTURY SC INC

NAME J. LOUIS NAME J. WALCOTT

ROUND	CLEAN EFFECTIVE PUNCHES	RING GENERALSHIP	AGGRESSIVENESS	DEFENSE	POINTS	WINNER OF ROUND
1	0	1	3	✓	W	W
2	0	2	2	✓	W	W
3	2	3	0	✓	L	L
4	0	3	✓	✓	W	W
5	0	0			E	E
6	2	0			L	L
7	0	1	✓	✓	W	W
8	0	2			W	W
9	0	0			E	E
10	2	0			L	L
11	0	2			W	W
12	0	2			W	W
13	2	0			L	L
14	2	0			L	L
15	2	0			L	L

REMARKS: 9 - 11 10 - 6  
Martin O'Malley

Use a score card, like these from the Louis-Walcott bout, to help yourself pick winners



today. If you read the blow-by-blow accounts of some of the old championship bouts, you will find that the action was tediously slow—as it had to be if the fighters were going to fight 20 to 40 rounds.

To illustrate how simple it is to judge a bout yourself, let's tune in on an imaginary match between "A" and "Z." In the first round "A" bores in aggressively while "Z" backs away. Naturally, you put a check for "A" for aggressiveness. In the first minute this is all that one can see, but in the second minute of the round you see "Z" counter-punching effectively and landing stiff punches as "A" comes in. According to you "Z" has landed the effective punches throughout most of that round so you give him a check for effective punches. You also think that "Z" has displayed greater smartness, made his opponent fight the kind of a fight that he wants him to fight. It is something like a matador with a raging bull before him—so you put a check for ring generalship. You also notice that he is rarely getting hit; that the blows "A" throws hit him only on the arm or fan by him as he deftly rolls his head out of the way—so you might put a little check in "Z's" favor for defense. You look at your card—you have only one check in "A's" favor for aggressiveness and the other checks in "Z's" favor are for punching, ring generalship, and defense.

The reaction of most experienced judges in such a situation would be to give the round to "Z" by two points but, of course, the judgment of each official with his background of many contests witnessed is the one that the New York Commission depends on.

Let's take another round as an example. In this round "A" has been far outclassed by "Z." He is staggering around the ring; sometimes lunging forward but apparently ineffective in his efforts to land. Suddenly from his heels "A" lets go a punch that lands on "Z's" jaw. He knocks him down for a nine count; that knockdown is more important than all the previous superiority for "Z" in that round.

Let us take another round. Suppose two boxers rush forward and keep up a heavy slugging and aggressive attack against each other from bell to bell without much defense or ring generalship. Here it is obvious that if they hit with equal force, and both are aggressive, an even round would be scored. Incidentally, here it might be noted that the boxer who tries

a lot of tap—tap—tapping in the clinches and who does very little else, rarely wins the round.

Let us take the much disputed heavyweight championship bout between Joe Louis and "Jersey" Joe Walcott as an example. Staged Dec. 5, 1947, this contest caused great discussion throughout the world. Louis was knocked down three times—once in the first and twice in the fourth round. Walcott won more points than Louis, which will be explained later. Yet ring officials gave a "split" decision of two to one in favor of Louis. There was a great difference among the sports writers as to who really won the contest. The best critics were equally divided.

The next day Walcott came before the New York Commission and protested the decision. He brought out the fact that Frank Forbes, one of the judges, had given him only six rounds to Louis' eight.

However, he, Walcott, received 12 points to Louis' nine. The Commission, as I've explained, permits its officials to use their discretion when one boxer has fewer rounds but more points. Judge Forbes, however, decided in favor of Louis, as he had a right to do. His decision, as well as that of Judge Martin Monroe, continued Joe Louis as heavyweight champion.

The New York point evaluation emphasizes effective hitting as the

strated an improved ability in scoring less important bouts.

Let me say, too, that there may always be differences of opinion in a close match. Some people who have explosive, positive natures are likely to give too much credit to aggressiveness; others who have thoughtful and strategic natures may give much more credit to the counter-boxer who retreats, waits for an opening, and then counters with an effective punch.

There are other systems for scoring a fight. For example, in California the so-called Australian 11 point system was brought there in 1923 by the late Frank A. Churchill when he came to this country with Pancho Villa. It was used in Manila at Churchill's own club and he always credited it to Frank Baillieu, Australian boxing promoter. Churchill explained the system to Paul Lowry, then sports editor of the Los Angeles Times, and Abe Roth got it from Lowry.

At the time every referee in California had his own method of scoring. Some scored by rounds; others employed a three point system, allotting three points to every round. Still others employed the "bean" method, using ten or 12 beans for each contest. As a boxer won a round, the referee would drop a bean in a pocket. One night a referee turned up with a hole in his pocket and there was a terrific hullabaloo when he awarded the decision to the wrong man.

In California, 11 points are allotted to each round. An "even" round is recorded five and a half and five and a half. A round won by a slight margin is recorded six and five; by a larger margin, seven and four, and so on up to ten to one. No official ever gives a fighter 11 points for a single round unless he knocks out his opponent. In a ten round bout the total could be 110 points. I have rarely seen a score card in New York, even in a 15 round bout, that credited more than 18 points to the winner. The fewer figures the better, and ten is the highest number a New York official has to use in any round—the knockout count.

In New Jersey there is only a referee whose decision is final. It is optional in that state to have judges at a championship contest. Illinois has two judges and a referee and they use the ten point system; that is, five and five for an even round, six and four, etc. Michigan uses the same system. In Pennsylvania, there are two judges and a referee and they use the ten-nine, ten-eight system. In England, the British Boxing Board of



most important. Some officials make effective hitting worth 50 per cent, while aggressiveness might count 25, defense 15, and ring generalship ten. But since this comes to a matter of an official's personal judgment, the Commission makes no arbitrary rule about the exact percentages.

If a New York official's score card shows he is inclined to be "lopsided" in his judgment, the Commission withholds important assignments until he has demon-





## READY FOR SCHOOL?

Very real progress has been made in protecting the health of America's school-age children.

The present mortality rate for children, who are 5 to 14 years of age, is only about one fourth of what it was in 1900. For example, since that date, the death rate for measles, scarlet fever, whooping cough, and diphtheria *combined* has been reduced about 95 per cent.

While these achievements are noteworthy, there is still much to be done in improving child health. As an illustration, some authorities have found that about one child in every 25 of those they have examined has poor hearing, one in every 8 has a

defect in vision, while 8 out of every 10 have some tooth decay.

Such impairments often handicap a child at school, and may lead to lower marks and unhappiness. As physical defects may go unnoticed by parents, it is wise for children to have thorough medical and dental examinations before school starts.

These examinations may help reveal conditions requiring corrective treatment, and may also provide information as to the child's general level of health. As a result, the doctor may make various suggestions to help the child to keep in the best possible physical condition throughout the school year.



**Children need** a nourishing diet with plenty of "building foods" such as milk, fruit, vegetables, meat, and eggs, for growth and for strong bones.



**Sufficient sleep** is particularly important. Most children, between the ages of 5 and 12 years, should have about 12 hours sleep every night.



**Regular exercise**, out of doors if possible, helps develop muscles, improves posture, and stimulates the functioning of all parts of the body.



**As either underweight or overweight** may affect good health, it's wise to try to keep a child's weight about normal for his age and build.

Parents can do much to help make the school year healthier and happier for their children by understanding the physical condition of each of them, and encouraging a daily routine of health habits in accordance with the doctor's suggestions.

Other information about the health of children may be found in Metropolitan's booklet, 99P, entitled "Common Childhood Diseases." Write today for a free copy.

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#### To Employers:

Your employees will benefit from understanding these important facts about child health. Metropolitan will gladly send you enlarged copies of this advertisement—suitable for use on your bulletin boards.



Control puts the entire responsibility on the referee. He usually marks ten points for the winner and nine for the loser after each round. France uses three officials: referee and two judges.

In some American cities there are boxing commissions that set up their own rules of judging.

In colleges, boxing is scored with the aid of a point system that is somewhat complicated. Each official uses his own discretion in appraising the boxer's ability for the round.

This type of scoring invariably leads to scoring the rounds ten-nine, ten-eight, and, rarely, ten-seven. In my opinion, this type of scoring does not give a clear picture of what is taking place during the round.

Under the rules of the Amateur Athletic Union, 20 is used as a basis for each of the three rounds. This means the rounds may be (1) 20-19; (2) 18-20; (3) 20-17; the winner is the one with the most points.

We all know that boxing is not an exact science. You cannot use arbitrary scoring factors as in other sports. It would be manifestly a miracle if all the judges and referees agree to a fraction by the number of points scored by any fighter.

The suggestion has been made many times that the points should be clearly indicated at the end of each round so that spectators can see them. One has only to be a commissioner a short time to realize what confusion this might cause at the bell ending a round. Terrific pressure would be on the

officials at the end of each round during a match.

The score cards of each official are kept and reviewed by the New York Commission. Many of our referees and judges are ex-boxers. The man who has seen a great deal of boxing and who has taken part in it is, as a rule, a better qualified judge than an expert in another field.

New York also has a rule to save a contestant from serious injury. When a boxer has been knocked down three times in a round, it is the rule of the Commission that the contest end. There must be three knockdowns, and a slip or push doesn't count.

It might be interesting here to bring out the scoring of a couple of championship contests that provoked much discussion. Let us look at the cards of these two bouts; the heavyweight and featherweight championships which took place during the past year.

Louis and Walcott had their second match July 23, 1948. This bout resembled a continuation of the first encounter. Louis continued his pressing tactics and Walcott his counterstrategy of retreating in a crab-like sideways manner. The only exciting spot before the knockout came in the third round when Walcott knocked Louis down for a one count. Thereafter, each round was almost a repetition of the preceding until the eleventh, when Louis followed a straight left with a right cross that ended the bout. Had that knockout come five seconds later, the bell might have saved Jersey Joe.

Walcott had a good chance of winning the second contest. The two judges' cards showed Walcott ahead on points and rounds—Judge Jack O'Sullivan giving Walcott five rounds to four with one even through the tenth; Judge Harold Barnes giving Walcott six rounds to three with one even. But Referee Frank Fullam gave Louis five rounds to two, with three even.

The score cards of another contest, that of the return match for the featherweight title, are equally interesting. In their first bout Oct. 29, 1948, Willie Pep was knocked out in the third round by Sandy Saddler, the long-armed, long-legged featherweight challenger from New York. Few boxing experts thought that Pep had much chance to regain his title in the return contest. Pep, in my opinion, is one of the greatest boxers who ever held the title. He knows the science of boxing as only such great featherweights as Abe Attell, and the late Jimmy Driscoll of Wales.

The three officials who took part in the return contest Feb. 11, 1949, agreed unanimously that Pep regained his title after 15 rounds of the most thrilling boxing I have ever witnessed. According to Referee Eddie Josephs, Pep won ten rounds to Saddler's five and Pep had 18 points to Saddler's six. Judge Frank Forbes gave nine rounds to Pep, five to Saddler and called one even. He gave 13 points to Pep and nine to Saddler. Referee Jack O'Sullivan gave nine rounds and 11 points to Pep; six rounds and nine points to Saddler. The cards showed that Saddler won his rounds, although fewer in number, by a bigger margin than did Pep. Pep was the strategist with the lightning left who used his experience and cunning to offset Saddler's strength, reach and youth.

Judging by score card will make every spectator a little more conscious of the continuing and ever-changing picture of a bout. The spectacular flurries and accidental knockdowns will not have as much weight when you realize that each round is a small contest in itself. The four essentials of boxing: clean effective punches, aggressiveness, ring generalship and defense, all must be taken into account throughout a contest.

Try scoring the next time you see a bout. Remember to put down one to four for the boxer who wins the round. Add up the rounds and points won by each boxer at the end and see how your result compares with that of the officials.

## Profit from Modesty

**A**N Arizona pioneer still living in Phoenix at the age of 85, Gus H. Hirschfeld, is perhaps the grandpa of the modern-day advertising geniuses who sell millions of dollars' worth of merchandise with a slick slogan or a new twist.

Back in Arizona's rambunctious territorial days, Hirschfeld was proprietor of the Palace saloon in Phoenix. Though it was one of the town's more elegant retreats, he persisted in advertising it as "the only second-class saloon in Arizona."

This, he explained, was sim-

ply because every other saloon advertised itself as being "strictly first class" and he wanted to be different. He also hoped, of course, that somehow it would bring more business.

It did. Tourists dropped in out of sheer curiosity. They wanted to find out what made the Palace a "second-class" saloon when all the others were, by their own admission, "first class." And, before they departed, they usually managed to buy a few drinks and drop a few dollars on the roulette table. —JOSEPH STOCKER



*not only the **J**ob  
... but the **M**an!*



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Venezuelan farmers  
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to make a fair living

Use of hybrid corn may  
up Brazil's crop by a third



INTERNATIONAL BASIC ECONOMY CORPORATION

## Good Neighbors— And Profits, Too

By JOHN W. WHITE

**A** BIG blond Texan in his middle 40's brought his jeep to a stop and held a hand aloft to signal journey's end to the queer cavalcade behind him. Four tractors, three huge bulldozers, and three automatic sprayers rumbled to a halt.

The Texan, C. O. Gingrass, had led his mechanized unit to the upper end of the Chirgua Valley in Venezuela's hill country, 2,500 feet above the sea. He climbed out of the jeep and called to the driver of the leading tractor, "I've seen five Latin American revolutions. Here, we're going to see one in Latin American agriculture." They saw it in less than a year.

The machines had stopped at

an abandoned estate that once belonged to the famous liberator Simón Bolívar. It was heavily overgrown with trees that had provided shade for coffee shrubs. When the bulldozers began pushing over the trees, 45 illiterate and penniless tenant farmers looked on in awed silence, while their wives and children fled, shouting in fright as they ran.

By the time the rainy season started, five months later, 875 acres were under cultivation and Gingrass was marketing tomatoes in Caracas, 140 miles away. The tenant farmers who had worked for the estate owner for pitifully low wages or none at all were being

paid good prices for everything they could produce; a school had been built and the undernourished pupils were getting a free lunch and a glass of milk every day.

Juan Flores summed up what Gingrass had done for him and his neighbors: "Things have gone badly on this farm for years. Now we are making a decent living and our children are learning to read and write, which we never did."

Gingrass is an envoy of a new type of good neighbor venture in Latin America. He is part of a \$7,000,000 experiment designed to prove that private United States capital can finance economic development projects south of the



Rio Grande and still make a profit. Behind him stands IBEC, the International Basic Economy Corporation founded by Nelson A. Rockefeller and his four brothers.

IBEC is an outcome of Rockefeller's experience as Coordinator of Inter-American Affairs and Assistant Secretary of State. Incorporated as a holding company under New York State laws, IBEC exports American capital, technical know-how and managerial skill. These are distributed in partnership with South American investors for developing basic economic enterprises. Each subsidiary undertaking is keyed to increase the production and availability of food and services useful to the lives of nearby people.

The main objective is to raise living standards by increasing and cheapening production, selling at reasonable profits, and thus lowering the excessive prices prevailing in both Venezuela and Brazil.

Here, in the words of Nelson Rockefeller, is a pattern for attaining social objectives through capitalistic profit incentives.

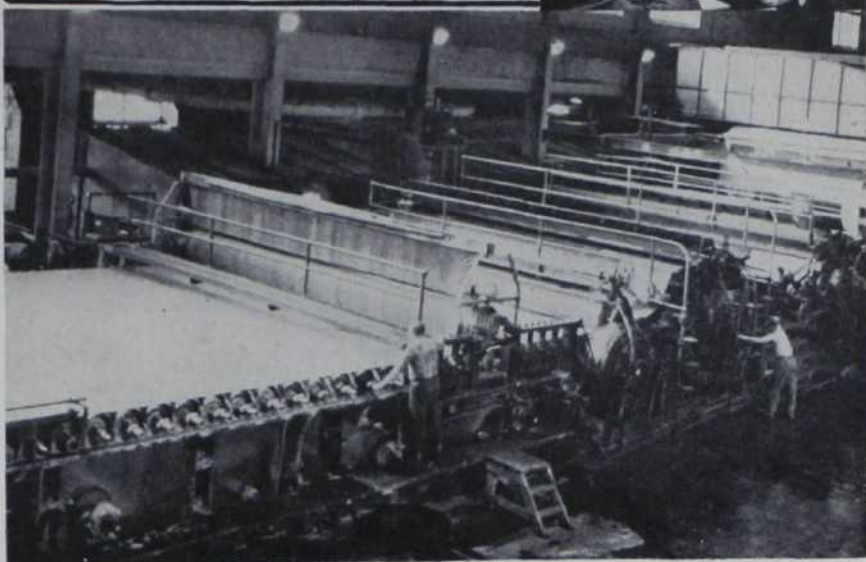
This experiment in American business, now two years old, has fanned out through nine subsidiary companies—five in Brazil and four in Venezuela. All the companies are joint-capital enterprises, in which Latin American companies or individuals have participated with IBEC in the initial risk. In several instances, locally established American corporations invested in IBEC subsidiaries that were to engage in activities related to their own.

At the end of ten years, the majority stock in all the paying enterprises is to be offered to local investors. By that time, South Americans will have been trained to take over management. In the meantime, IBEC expects to make sufficient profit to justify the risk and to induce other capitalists to follow the example.

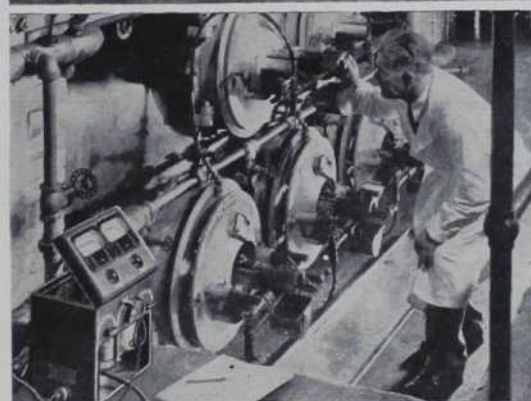
Perhaps unintentionally, IBEC also is exporting our alphabet soup method of designating companies by the initials of their names. In Brazil, the parent corporation has fathered such offspring as SASA, SAFAP, CACSA, EMA and HELICO. In Venezuela it has sired PCCA, PACA, FVCA and CADA.

CADA provides an example of the kind of managerial skill IBEC is applying to problems of production and distribution. The letters stand for the Spanish name of the food distribution company in Venezuela. Its general manager is A. B. Toro, Jr., who organized and was president of the Toro Super-

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markets in Dallas. Born in Puerto Rico 45 years ago, Toro also has been general manager of the Weingarten chain of food stores in Houston.

The company, capitalized at \$2,-500,000, is to provide an integrated system of distribution to handle the increased food production of affiliated companies. It will also distribute the products of unaffiliated farmers and import certain foodstuffs from the United States

when national production is insufficient to fill public demand.

Venezuela imports most of her food and the present high prices are blamed largely on antiquated distribution methods. CADA's wholesale and retail enterprises are designed to develop modern distribution systems and thus achieve economies that can be passed on to consumers in the form of lower prices. To this end, it has constructed modern warehouses

and provided refrigerator facilities for storing food. It is providing the thickly populated neighborhoods of Caracas and other cities with their first modern food stores, including small units for the sale of fruits and vegetables. It plans eventually to sell these stores on franchise agreements that will bind the new owners not to mark up prices by a larger margin than that on which CADA has operated. In the meantime, independent grocers will be offered products at the same prices that CADA charges its own stores.

In Brazil, CACSA provides an example of how technical know-how is being provided by IBEC to protect the country's principal crop, corn. In the coffee-producing State of São Paulo, the farmers leave the corn standing in the fields to dry in the sun. It is then



GEORGE BURT

One of IBEC's primary aims is an integrated distribution system



PCCA seeks lower fish prices

ready to pick and bag at the same time that coffee is being shipped to the ports. Coffee has the greater cash value, so when the farmers go to the railroad station and ask for cars, they are told that priority has been given to coffee and they must wait until empty cars are available.

John H. MacMillan, president of Cargill, Inc., of Minneapolis, is authority for the statement that in some years more grain is destroyed by vermin, rats and rot than finds its way to market.

To correct this condition, IBEC



INTERNATIONAL BASIC ECONOMY CORPORATION

Better cattle are being developed to ease milk and meat shortages



entered into an agreement with Cargill to build elevators, buy and sell grain, and provide safe warehousing. CACSA's elevators will change the handling of Brazilian corn, rice and wheat from the present expensive bag method to an economical bulk basis, with great saving in manpower.

Cargill goes to the farmers as soon as the grain has matured and shells the corn with mechanical shellers, never before used in Brazil. The corn is dried mechanically, treated for weevils and then, in healthy condition, is stored in the elevators. This happens three months before the coffee crop begins to move. It is expected, therefore, to greatly increase the tonnage of corn reaching markets and to lower its cost to the consumers.

Part of CACSA's \$979,000 capital was subscribed by Cargill, which is also providing the managerial and technical personnel for joint operation of the company by IBEC, Cargill, and Brazilian investors. Thus, Cargill's operational experience has been coordinated with IBEC's agricultural activities.

All five of IBEC's Brazilian subsidiaries are geared to agriculture. They operate in four states—Sao Paulo, Paraná, Minas Geraes and Matto Grosso. Brazilian individuals or companies are partners in all undertakings and corn is one of the basic operations.

Brazilian farmers tried to increase their crops by importing the hybrid seed that had helped American farmers increase the value of their corn crop by 28 per cent, or \$1,500,000,000. They were dumbfounded to find that the hybrid seed would produce stalks but no ears. After several crop failures and several years of painstaking work by Brazilian scientists a hybrid was developed from varieties that are adapted to Brazilian climate, soil and other conditions.

IBEC set up SASA with capital of \$108,800 to produce and popularize the hybrid seed corn developed by the Brazilians. SASA produced 40 tons of hybrid seed in its first season and farmers came from miles around to buy it. Manager Homero Diniz Freitas, a young American-trained Brazilian, expects to have 400 tons of seed for sale this year and to be able to meet the entire demand next year and thereafter. Authorities predict that the use of this seed will increase the Brazilian crop by 30 or 40 per cent.

The production of corn is inti-

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mately related to the production of hogs. So IBEC set up SAFAP, with capital of \$326,000, to help Brazilians raise healthier and heavier porkers. S. A. Debnam, another Texan, 46 years old, is general manager. Son of a practicing veterinarian, he was born on a livestock farm that specialized in pure-bred hogs. After extensive farm bureau work in Texas and Arkansas, he was commissioned a major in the Army and had charge of the civilian food supply in Normandy during the invasion.

Debnam is teaching breeders how to get higher prices by improving the health and weight of their hogs. He spends much of his time fighting hog cholera, which always has hampered the raising of swine in Brazil. The three SAFAP farms in São Paulo State are used as demonstration centers to teach the modern scientific methods introduced by Debnam. These farms are expected even-

tural services by entering modern machinery for clearing land, plowing, cultivating and other operations.

Nelson Rockefeller went to Jacarezinho in southern Brazil for EMA's inauguration. He stood in a crowd of farmers, some of whom had come 100 miles, and watched one of EMA's tractors jerk a huge stump out of the ground in five minutes. A wizened old Brazilian turned to him and said, "It would have taken me five weeks to get that out."

Carl A. Schneider, 39, is in charge of EMA's operations. Formerly superintendent of two large Seattle iron works, he has had many years' experience in handling farm machinery in Latin America. Before joining IBEC, he installed machinery for the Chilean Government. One of his present duties is training Brazilians to operate and maintain American-made tractors and other types of farm machinery.

whirling blades. The company's three helicopters are also to be used for poisoning the larvae of malaria-carrying mosquitoes. A third of HELICO's capital was supplied by IBEC, the rest by a group of American and local investors.

IBEC's program does not pretend to be a panacea for all the ills of Brazil's agriculture. It is intended to prove the value of modern techniques in increasing production, and at the same time give Brazil a boost in the direction of industrialization.

Experience in this country has shown that industrial development is dependent on the modernization and mechanization of agriculture. Men cannot leave the fields to work in factories unless those who remain on the land are able to increase their output. The Rockefeller brothers feel that by starting their work in agriculture they are helping Brazil lay the foundations that are essential to her basic development in industry.

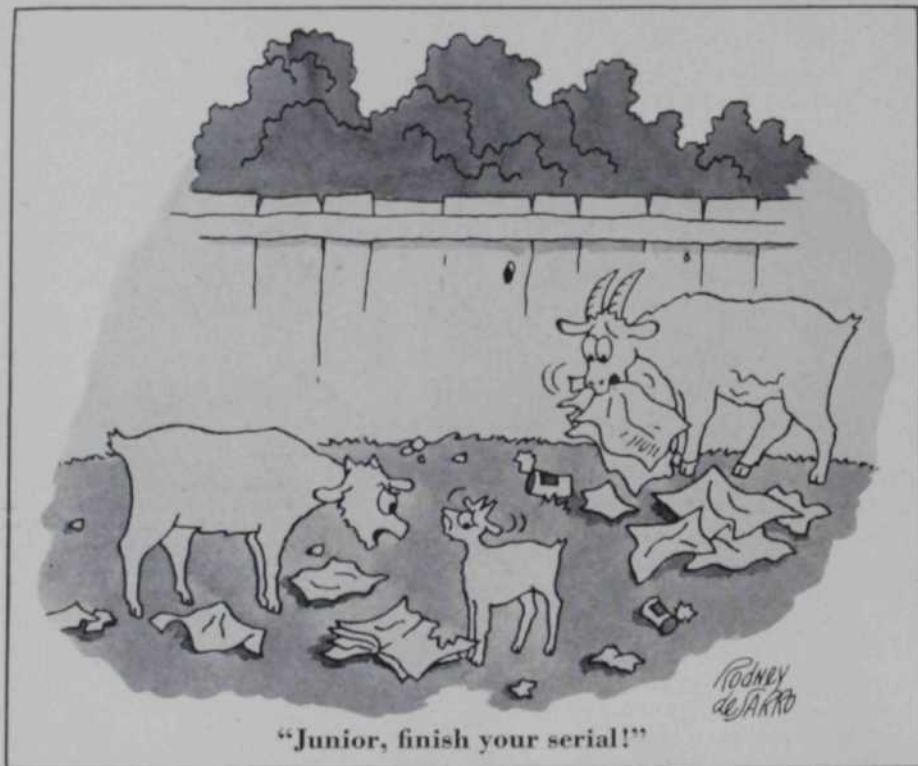
In Venezuela, IBEC principles of economic development and joint enterprise have been applied to organizing companies to help solve Venezuela's food problems, through an affiliate, Venezuelan Basic Economy Corporation, VBEC.

Local capital was supplied largely by oil companies operating in Venezuela and by the Government's development agency, known as *Corporación Venezolana de Fomento*. The oil companies subscribed to nonvoting preferred stock in VBEC. The Venezuelan Development Corporation subscribed to nonvoting preferred stock in the subsidiary companies.

The Chirgua Farm which C. O. Gingrass manages shows how American know-how is being applied to Venezuela's food problems. Gingrass knew from his long Latin American experience that tropical soils usually lack phosphorus. So he dug holes around low-yielding fruit trees and tamped in a mixture of 20 per cent phosphate and soil. The trees responded immediately with heavier yields of better fruit. He applied copper compounds to potato plants and they ripened earlier than others with a much larger yield.

The Chirgua Farm is one of three operated by PACA, the food production company. PACA is capitalized at \$3,000,000, half of which was subscribed to by the government-owned development corporation.

The cattle industry, as well as agriculture, has suffered from



tually to produce 6,000 healthy hogs every year for SAFAP.

There seems to have been a need for such an enterprise in Brazil, because six of the major meat-packing companies subscribed to 86 per cent of SAFAP's preferred stock and 33 per cent of its common. IBEC provided the balance.

EMA was set up last year with capital of \$653,000 and introduced to Brazilian farmers in a manner that soon had it being talked about all over southern Brazil. EMA provides mechanized agricul-

Much of the land in the vicinity of Jacarezinho was heavily overgrown with trees and brush. EMA clears the land at low cost, then plows and harrows it. Two other units are doing the same for farmers in the vicinity of Uberaba, in Minas Geraes, and Bebedouro, São Paulo.

HELICO, set up in August, 1948, with capital of \$82,000, uses helicopters for crop dusting and other operations. Insecticide is shot out of the helicopters and driven downward by the force of the



Venezuela's long dependence on its petroleum production and there is a serious shortage of both meat and milk throughout the country. PACA is giving new impetus to the republic's livestock industry by importing cattle from Gulf Coast ranches and crossing them with the native stock. This is expected to produce a new type of cattle in Venezuela that will combine the high meat and milk productivity of American cattle with the heat- and sun-ray resistance of the Brahmans of India.

PACA's three farms also serve as demonstration centers. Venezuelan Indians break up their soil with the crude wooden plows that have been used for many centuries. Now, they have heard the wonder stories of what the white men are doing on these old abandoned properties. Timidly, they come and ask for a look-see, and are taught how to use modern machinery.

Experts also teach the natives how to use insecticides and fertilizers. They often wonder what is going on behind the deadpan faces of the Indian farmers as they trudge home, carrying on their backs a heavy sack of the white man's medicine powder.

Down on the seashore, the Caribbean Fisheries Company, known as PCCA, is capitalized at \$1,488,000 to develop commercial fishing. It expects eventually to handle 110,000 pounds a month and to lower retail prices by providing a year-round supply of fresh fish, sold under sanitary conditions.

This enterprise is managed by Prudencio Moure, 41 year old Pensacola business man, who has had long experience in food processing and distribution in the United States and South America.

PCCA buys fish from 29 boats that it has supplied with motors and ice boxes on easy credit terms. It pays cash for the fish, provides a steady market, and makes available repair services and supplies for Venezuelan fishermen.

All this is only a beginning. The IBEC and VBEC enterprises are, however, providing a direct approach to basic economic problems. They are evolving an international partnership pattern for channeling private United States capital, technical knowledge and managerial skill into under-developed areas.

More than 100,000,000 people in Latin America and perhaps even untold millions throughout the world should benefit eventually from this program of good neighbor economic development abroad.



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## It Takes Three to Make a Lodge

(Continued from page 42)

Order of Odd Fellows, with 2,000,000, has trouble getting a quorum at meetings. Although the IOOF is still active in Chambersburg and Alexandria, fraternal energy has lapsed. In Alexandria, Elmer Mudd, postmaster, and Cliff Cunningham, undertaker, still say "you can spend a lifetime in Odd Fellowship." And at Christmas, Wilmer Scott, rotund proprietor of the Palace Cleaners, officiates as Santa Claus at a party for the children. But Alexandria sees less of the Odd Fellows than it once did.

"We started out with plain folks," said the fraternal undertaker, "and we kept our dues and initiation fee down so they could afford to come in. I used to march in parades all over the country, but I'm too old now. Besides, there aren't so many parades."

Sixty-one-year-old George Showalter, garage mechanic, has been an Odd Fellow in Chambersburg for more than 30 years. He was rushed to membership by a rural postman and a friendly tombstone cutter named John Bennett. "Old John told me that in the Odd Fellows, everything was fair and square," he said, "and that's the reason I joined. It didn't matter whether you were rich or poor, important or just trying to make a living."

The Odd Fellows initiation is less colorful now than it used to be, Showalter believes. "In the old days," he recalled, "we had a lot fancier uniform and we didn't mind people noticing us. But now even the ritual is more make-believe, especially here in the East."

Two of the secret orders are now holding members primarily through insurance policies, with a bond somewhat more fraternal than Prudential or Metropolitan Life. The Knights of the Maccabees were founded in 1878 in London, Ontario, honoring the Biblical exploits of Judas Maccabaeus. Establishing "tents" for the men, "hives" for the women and "courts" for the children, the Maccabees admitted brethren regardless of age, sex or physical fitness. For a while, the order was in danger of collapse until some hardheaded business men from Michigan put it on a sound insurance basis.

The Modern Woodmen of America is also a fraternal insurance order. Its "distinguishing feature,"

according to Past Sovereign Banker Morris Sheppard, is to "combine the abstract principle of fraternity with the mathematical principle of insurance." Of these two, insurance has prevailed. While the order recently distributed American flags to civic organizations and wrist compasses to scoutmasters of the Boy Scouts, headquarters is more concerned about insurance payments. Last year, they paid out \$10,411,198.78 in benefits to members.

The Knights of Columbus also provides its members with insurance policies, but has held them primarily through church and welfare activities. Founded in 1882, by Father Michael J. McGivney in New Haven, Conn., the K of C is an organization of 700,000 Catholic brethren. Nationally, the Knights have supported parochial schools, Americanism and worked in relief of the major disasters in America.

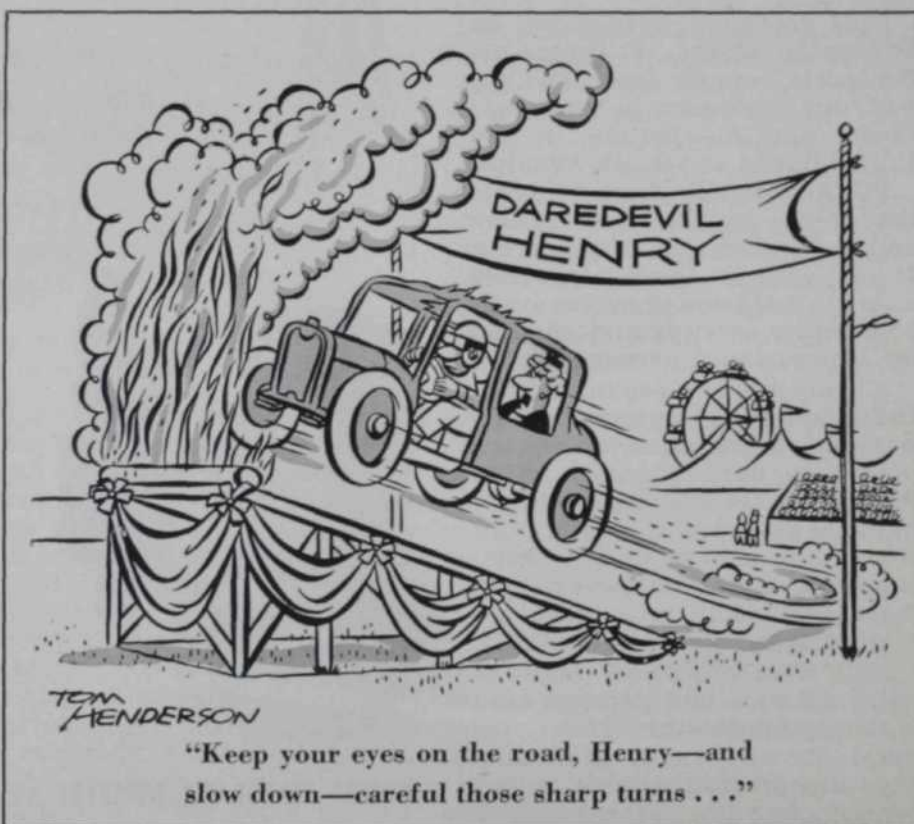
In Chambersburg, Past Grand Knight Edward Geary, clerk at the Montgomery House, told me how the local council helped Italian prisoners assigned to the nearby Letterkenny Ordnance Depot after Italy's wartime surrender. "We held block parties to get them acquainted with folks in town," said Geary, "and we built them a chapel

at the Depot." The council also sponsors a local Boy Scout troop and at Christmas supplies the children in parochial schools with oranges and candy. "People," said Geary, "have respect for a man who belongs to an organization."

Among the secret orders, the Freemasons are unique. They have withstood the rivalry of insurance societies and the competition of free-wheeling clubhouse fraternities. At one time the most violently attacked, they have held on to their secrets and steadily increased their memberships. Today there are more than 4,000,000 Masons in America and 1,000,000 more throughout the world.

In Alexandria, site of the Masons' National Memorial, there are three lodges, all booming. Gray-haired C. Philip Heishley, custodian of the Memorial, observes: "We are so busy initiating Masons we can hardly keep up with it. We have to meet several times a month to get them all in." In Chambersburg, the George Washington Lodge No. 143 has doubled its membership since the war. But most of the Masons I spoke with told me they haven't attended any meetings in months. "I joined because the most successful men in town are Masons, and it's really an honor to be accepted," said a Chambersburg realtor.

Masonry in America dates back to Colonial days, when frontiersmen met in the woods to conduct their rites. One of the oldest secret





fraternities, Freemasonry began in London, England, in 1717 and soon spread around the world. But its roots grew fastest in America.

Troubled feelings between Masons and the clergy started in the 1820's after the so-called "Morgan Incident," when a Methodist preacher declared: "The three most wicked places in the community are right around us—Sam Brandt's tavern across the street, a den of iniquity on the opposite corner and the Masonic Temple next door."

The "Morgan Incident" began in Batavia, N. Y., when Capt. William Morgan, veteran of the War of 1812, threatened to expose the secrets of Masonry in print. Suddenly arrested for petty larceny, Morgan was a few days later removed from jail by men in closed carriages. All trace of him was lost. After several years, the decomposed body of a man was found on the shores of Lake Ontario. The body was claimed by both Captain Morgan's wife, and by the family of a Canadian fisherman who had drowned at sea.

Thereupon, Masonry and all secret orders were loudly attacked by the press, politicians and preachers. Many orders disbanded. In Rhode Island and Vermont, laws were passed prohibiting the administration of secret oaths.

Sobered by these attacks, the secret orders eventually recovered, but their pride in secrecy had suffered. The newer orders that developed—among them Elks, Moose and Eagles—believed more in good works and clambakes. Earl Warren, recent Republican candidate for vice president, was addressing the Eagles when he declared: "These great fraternities that we have in this country are distinctly an American institution. They have done a great deal to form our national character. We do care for the poor and the helpless and all those who are struggling for their rightful place in the sun as individuals. We do this not as cold charity, but as a matter of social responsibility."

The Fraternal Order of Eagles was founded in 1898 by a Seattle lumberman named John Considine. Calling themselves the "Great Order of the Common Man," some Eagles still protest the restriction to "men of the white race." Although the initiations are private, there's not much concern over secrecy. The ritual is brief and there are few secret words. On national and local levels, the Eagles have campaigned successfully for old-age pension laws, the



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Expenses . . . . .	10,000
Net Profit . . . . .	\$ 2,000

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Sales . . . . .	None
Cost of Merchandise . . . . .	None
Gross Profit . . . . .	None
Expenses continuing during shutdown . . . . .	\$ 7,000
Net Loss . . . . .	\$ 7,000
Add. Anticipated Profit Prevented . . . . .	2,000
Total Loss . . . . .	\$ 9,000

#### After Fire—WITH Business Interruption Insurance

Sales . . . . .	None
Cost of Merchandise . . . . .	None
Gross Profit . . . . .	None
Income from Business Interruption Insurance . . . . .	\$ 9,000
Expenses which continue . . . . .	7,000
Net Profit . . . . .	\$ 2,000

(Same as was anticipated had no interruption occurred)

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GI Bill of Rights, the Social Security Act and Mother's Day. In addition to benefits and mutual aid, the Eagles sponsor youth guidance programs and boys' clubs in many cities.

The Eagles arrived in Alexandria in 1902, and today there are 2,400 members in the town. Alexandria is a big freight center and many of the Eagles work on the railroad, coming to the red-brick clubhouse in off-duty hours. The rathskeller, a large basement room with aging chandeliers and a chipped mirror, has card tables and a bar that serves beer and sandwiches.

"The telephone's ringing all the time," said Ed Young, secretary of the Aerie, who stays on duty day and night to collect dues and answer the phone. In 16 years with the Eagles, Young has become apprehensive about women, a state of mind the old-time lodgeman would have found incomprehensible. "Around dinner time," he said, "the wives start calling. I make the men take the calls, even if I have to go downstairs to fetch them. Sometimes an Eagle will say, 'Tell her I'm not here,' but I won't do it. And when a man tells his wife he's going to the Eagles and he's not here when she calls, I say so. I don't want to get in dutch with the ladies."

While the Eagles report almost 1,500,000 members, the Benevolent

and Protective Order of Elks is nearing the 1,000,000 mark. Older than the Eagles, the BPOE was founded in 1868 in New York on "four cardinal virtues—Charity, Justice, Brotherly Love and Fidelity." In 70 years, the Elks have established a \$1,000,000 home for aged members and spent up to \$3,000,000 a year in charitable and welfare work. Their total assets are more than \$100,000,000.

The Elks' Lodge in Alexandria, according to Dr. Robert S. Barrett, Past Grand Exalted Ruler, has increased since the war. There are now 750 members. Somewhat plushier than the Eagles', the Elks' Lodge is complete with rathskeller, television set, ballroom and open-air beer garden.

An Elk for 48 years, Dr. Barrett joined "because this was a group of men who had a good time. If you're an Elk, you're welcome wherever there's a lodge." Dr. Barrett figures that he's visited 300 Elk lodges throughout the country. Along the way, he helped establish Elk hospitals for crippled children.

In Chambersburg as well as Alexandria, the Elks have been active in charity. In G. M. Berger's tailor shop, Chambersburg's Past Exalted Ruler talked of good works. Last year, he told me, the Elks gave \$3,600 to the local Boy Scouts and Girl Scouts and \$2,500 in food baskets to the poor at Christmas. They gave bed clothes, food and

lodging to two families whose houses burned down; they comforted the families of departed brethren and conducted graveside services.

With little concern for secrecy, the Elks believe in simple rituals. Their fraternal anthem is "Auld Lang Syne" and their symbol, the Elk, was chosen because "it is distinctly American. It lives in herds. It is quick and keen of perception; and while it is usually gentle and even timorous, it is strong and valiant in defense of its own." The Elks' comforting prospectus to the new recruit would seem pallid to the old-style joiner. "The initiation is wholly devoid of any feature which will embarrass or annoy the candidate or subject him to ridicule or to any discomfort."

The Loyal Order of Moose considers its symbol even more American than the Elk. "The Moose," they say, "is a challenger. It wages war on the enemies of the herd, battling stubbornly to protect its own. It takes only what it needs and doesn't rob its fellows. It loves freedom and ascending with mighty strides it seeks the heights. Leaving the low hills to the earth-dwellers below, it takes its place among the clouds."

With its head in the clouds, the Moose is firmly planted on solid ground. With an organization of 750,000 and gross assets of \$70,000,000, the Moose has distributed

## Why Jumping Beans Jump

**T**ODAY mankind appreciates the fact that any work of mechanics comes only through the creativeness of man's mind rather than from Nature. Yet, in the North American jungle exists a freak of Nature that is a border-line case. It possesses a long botanical name but is known the world over as the Mexican Jumping Bean.

From an office in the heart of the Mexican tropics, far back from a railroad, 40-year-old Joaquin Hernandez controls the world's market in jumping beans.

Hernandez ships an average of 20,000,000 beans each year. They are exported to many foreign countries, with the United States buying the most. They go to carnivals, fairs, gamblers, some winding up in show windows.

Hernandez headquarters is at Alamos in the state of Sonora. The natives look upon him as their leading citizen, not merely because he is at the head of such a large in-

dustry, but because his idea saved Alamos from becoming a ghost town.

Lean days fell upon Alamos. The bonanza faded when rich ore in the nearby mountains played out. But Hernandez discovered that the only place in the world jumping beans grew was in a restricted area near the town.

The bean gets its locomotion from the little red-headed worm inside when it anchors its 16 legs at one end of the bean and suddenly strikes the other end with its head, causing the bean to jump as much as six inches.

When the United States Department of Agriculture permitted their importation, Hernandez set up a business which has made him a millionaire and which affords year-around work for the natives.

Senor Hernandez is a one-man booster for Alamos. He says the village will never turn into a ghost town as long as his jumping beans jump.

—IRVING WALLACE



\$51,000,000 in sick and death benefits to members since its founding. Moosehaven, its home for the aged at Orange Park, Fla., is a thriving community where elderly Moose may spend the winter of their lives. And Mooseheart, its proudest accomplishment, is a \$32,000,-000 model community for children of deceased members.

Mooseheart also generates new lodges for the Loyal Order. Last year, Thomas J. Bowen, salesman for Procter and Gamble in Chambersburg, wrote a letter to Moose headquarters. He had grown up in Mooseheart, he said, and he couldn't see why there wasn't a lodge in his new home town.

The Chambersburg Moose Lodge is now nine months old, but in that time it has initiated 582 members. While the Elks' initiation fee is \$75, you can join the Moose for only \$10. "We're an average workingman's fraternity," said Paul Martin, insurance agent and secretary of the new lodge. "Some day we'll have a big clubhouse, but already Chambersburg knows we're around." Today the clubhouse is the converted White Rose Diner with the vital moosehead mounted on one wall. A handsome large-nostrilled specimen, the moosehead was borrowed from the lodge at Hanover, Pa. "Hanover had a couple spares," Martin declared.

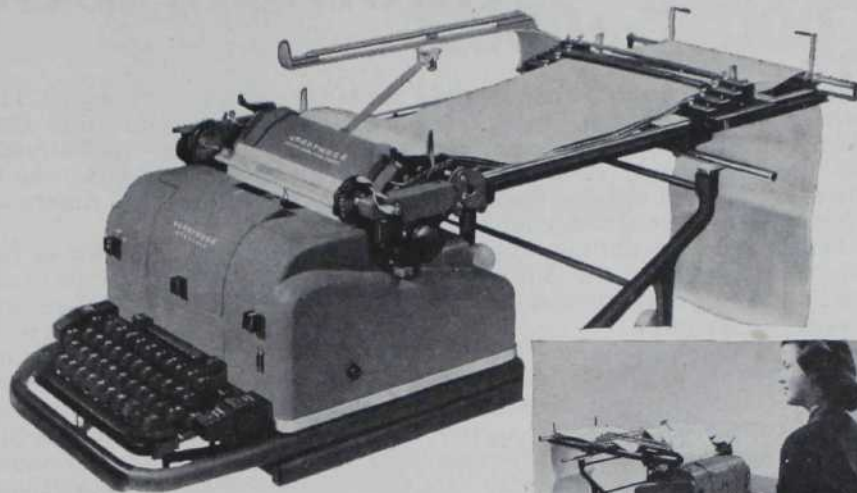
On Mother's Day, the lodge held open house for the ladies and showed motion pictures of Mooseheart. Last Christmas, it held a free movie party in the Rosedale Theater for the children and at Easter it bought 180 dozen eggs, colored them and hid them in the shrubs of Municipal Park. The kids who found the most eggs won live rabbits.

For the mourners of the secret society, however, this vigor of the new order seems unimpressive. "They don't have the old-time spirit and they don't keep secrets," one elderly joiner complained. "Why, I can remember that when every building went up, we were called on to dedicate it. When there was a holiday, we'd be fighting to get on the platform. When there was a burying, every lodge turned out, arguing to see who would lead the funeral."

Perhaps, as the aging gentleman observed, the old spirit is missing. Possibly the heyday of the secret order is past, although you can start a hot argument on that score with many a Mason. But meanwhile, the Elks and the Moose are stomping through the woods, seeking the heights, and the Eagles are screaming overhead.

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# ACORNS OF INDUSTRY



## Machine Tools

**T**HE metalworking tools in use in the American Colonies, Great Britain and Europe at the beginning of the eighteenth century were little better than those of medieval days. Nevertheless, the idea of working iron by milling, turning and planing it, as one did wood, and with the same precision, had begun to percolate.

James Watt was eight years old when John Wilkinson invented a crude machine which bored metal with a surprising degree of accuracy. It was Wilkinson's boring machine that gave Watt the idea, 20 years later, to bore cylinders so that pistons would fit snugly enough to hold pressure. Thus it was the machine tool that enabled Watt in 1768 to give us the first practical steam engine which triggered the Industrial Revolution. The transition from the medieval workshop to the modern machine shop had been made.

Not the least remarkable development of this remarkable century was that, as it closed, the United States—thanks to the machine tool—was stepping into the lead in metalworking through the

use of the automatic machine. The machine tool—the machine that makes the machine—had already found its key role in what was to become known as the American system.

To Eli Whitney, inventor of the cotton gin, and his fellow Nutmegger, Simeon North, belong the honor of having been the first to make factory production, based on the assembly of machine-made interchangeable parts, a practical reality. A century was to pass before American industry developed the mass-marketing methods which, combined with the interchangeable part, gave us our mass-production system. The Government was the only mass consumer in Whitney's day; firearms the major item. A government contract for 10,000 muskets put him into business in 1798; a similar contract for horse pistols established North a year later.

Production based on the assembly of interchangeable parts had been tried without success in France. Whitney saw that to make interchangeable parts of absolute uniformity and with precise toler-

ances, the human element would have to be eliminated. The automatic machine was the answer. He and North spent years building machine tools and cutters with which to construct the automatic machines. To the lathe, already known, both added the jig to guide the cutting tool. Milling machines, boring machines, gear cutters, filing jigs, were developed.

Whitney and North revolutionized the whole firearms industry. Machine shops that built steam engines, machinery and machine tools were established in New England and Pennsylvania. An American invented the sliding lathe. But during the first half of the nineteenth century the major developments took place within the firearms factories. In the 1840's, while wood was still being used in the construction of textile machinery, North began to cut pistol barrels from steel. Christopher Sharps, inventor of the breachloading rifle, cut the barrels of the rifles from steel bars. A new upright machine first bored the barrels, then they were turned, then rifled. After 1850, the Colt factory in Hartford was the model of the world. It used more than 1,500 machines, many of them automatic, to process the barrel.

By this time, lathes, planing, drilling and cutting machines, a lot of them crude, some very precise, had come into wide use. All of our machine tool factories were located in the New England industrial centers and Philadelphia, with the latter in first place. While our machines and machine tools built up a factory system that led the world when it came to light manufacturing, England shaded us when it came to heavy industry and heavy machine tools. We began at this time to pay more attention to heavy machine tools. Improvements came rapidly. By 1868 we had machine tools in the Charleston Navy Yard that could plane a piece of iron 40 feet long, 20 feet wide and 20 feet high. The introduction of the Bessemer process increased the demand for heavy-duty machine tools.

For some 25 years after the Civil



"Two hard-boiled eggs"



War, the machine tool industry went through a curious phase in which far-reaching changes took place under an appearance of mildly disturbed stagnation. Our machine manufacturers began to shift from wrought iron to steel, thus creating an increased demand for machine tools. The automatic turret lathe was invented, which became the automatic screw machine. Breaking the long tradition that machine tools were made only east of the Alleghenies, Cleveland built the first automatic multispindle screw machine. In 1874, a Cincinnati firm began to manufacture upright drills; a few years later the city began to produce radial and universal drills. Western machine tool manufacturers showed a tendency to specialize in single machine tools. Improved tool steel was developed, as were more powerful abrasives.

First, the bicycle industry became a customer of some importance for machine tools and the electrical industry introduced the direct drive.

### Autos needed more tools

THEN came the automobile. All appearances of stagnation vanished. First the automobile manufacturers invaded the bicycle factories, where forming tools had come into wide use. The demand for machine tools skyrocketed. The automobile industry supplied the missing ingredient—mass-marketing methods—and mass production.

An unprecedented demand for automatic machines of every description, many to do work never before thought possible, taxed the capacity and the ingenuity of the machine tool manufacturers. To bear out the proverb about necessity, Frederick W. Taylor invented high-speed tool steel in 1898 which at once more than doubled the output per machine. And the next year Cincinnati stepped into first place in the production of machine tools, with 30 factories and an annual product of nearly \$4,000,000.

Today, although Cincinnati is still in first place, no less than 250 companies, widely distributed geographically, are manufacturing machine tools. There are 50 companies producing only the cutting tools. Now, on top of all the new alloys and abrasives for working the ever tougher new steels, there are now cutting tools with synthetic cutting edges that are several times harder than the hardest tool steel.—LAWRENCE DRAKE



W. G. Watkins

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## Small Business Can Pay Pensions

(Continued from page 30)

cash outlay at the start of the plan. For example, an employee of 50, with many years' service, makes \$3,000 a year, is due to retire in 15 years. His total past earnings have been \$75,000 and, in this particular plan, both past and future services are credited at ten per cent.

For the first year, then, the employer deposits \$300 for this man's current year's service (ten per cent of \$3,000). He has 15 years in which to amortize the \$7,500 (ten per cent of \$75,000) for past service. That requires \$500 a year. So the total fund contribution this year for this employee is \$800.

The plan puts a fixed burden on the employer. Yet many employers find it practical because it is simple to set up and to operate. No actuarial calculations are required. The employer knows exactly what his costs are going to

employees. For our purposes here, we can simplify and say that all eight employees get \$3,000 a year and their ages and lengths of service are as follows:

One man, 50 years old, 25 years' service.

Three men, 45, with 20 years' service.

Four men, 25, with three years' service.

The employer began with the idea of making 65 the retirement age and contributing ten per cent of his total payroll for future service. Past service, also to be reckoned at ten per cent, would be amortized, in each employee's case, over the years remaining to retirement.

Thus each year he would contribute \$300 per employee or a total of \$2,400 for future service. For the 50 year old man, with past service credit of \$7,500 and 15 years to re-

Several alternatives were open. He could reduce credit for past service to seven and a half per cent, or reduce credit for future service to seven and a half per cent and for past to five. Or he could reduce all credit to five per cent.

He decided on the latter. That brought his fixed commitment to just less than \$2,000 a year. Which, he considered, was a safe burden for him to assume. But he also thought that he would like to contribute more to the fund when he could afford to do so. So he also agreed to put in 20 per cent of his profits beyond \$20,000 a year.

Happy solution? Many experts think so. "Consideration," say Esmond B. Gardner, vice president, and C. Jerome Weber, pension trust officer of the Chase National Bank, "should be given in those cases where it is feasible to the combination of a base pension plan on a money-purchase basis and a profit-sharing plan."

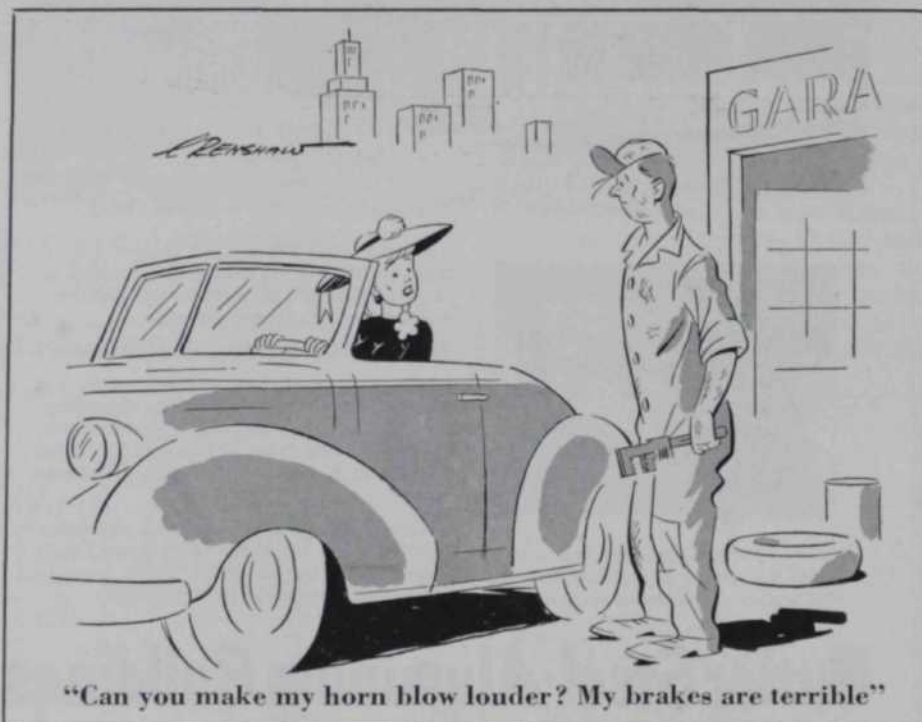
Under the Internal Revenue Code, the employer who combines the plans can deduct from his taxable income in any one year any contribution to the fund which doesn't exceed in amount 25 per cent of the regular compensation paid to plan members. If he puts in an excess amount, he can deduct it in succeeding taxable years so long as the carried-forward amount plus the amount actually paid in such a subsequent year doesn't exceed 30 per cent of employees' compensation.

Still another method, with a different basic concept, is open to the small company. This is a true retirement plan that provides a definite retirement life income benefit. Such a benefit can be obtained through an individual retirement income contract available from many life insurance companies.

The different concept is this: Under the profit-sharing or money-purchase plan, the amounts set aside determine what benefits employees are to receive. But under the definite-benefit type of formula, the reverse is true.

Here, the employer decides on what rate of benefit he wants to pay his employees on retirement in relation to their individual compensations. He may, for instance, determine that retirement income should be an amount equal to one per cent of the individual's current or final salary, times the number of years' service. Then he appropriates an actuarially fixed amount of money to purchase that benefit.

The individual annuity contract



be. As older employees retire and new ones take their place, costs come down since only current service contributions have to be made for new workers.

The money-purchase plan can be used in combination with deferred profit-sharing and many small firms are installing the combination, making their fixed cost—percentage of payroll—under the money-purchase phase small.

For example, consider the hypothetical but representative case of a research laboratory with eight

retirement, he would have to add \$500 a year. For the three with back-service credit of \$6,000 each and 20 years to go, he'd have to put in a total of \$900 a year more. For the four with \$900 back-service credit each, a total of \$90 would be required.

But the total annual contribution for past and future service came to \$3,890—too great a burden because it came to more than 16 per cent of payroll. It couldn't be done and the laboratory owner knew it.



bought for each eligible employee is held by the trust. The contract usually contains a life insurance element as well, most life insurance companies issuing such contracts without life insurance only for employees who cannot pass a physical examination.

Here, in the experience of one small company which recently installed such a plan, is an example of how it works out in terms of benefits and outlay.

This company chose to make eligible all employees not less than 28 and not more than 66 years of age, with three years of service. It set retirement age at 65 for employees whose present age is 55 or less. Those now 55 to 60 are eligible for retirement in ten years and those now 61 to 66 may retire at age 70.

Each employee with 25 years or more of service at retirement gets a monthly pension equal to 25 per cent of his salary. Others with less than 25 years of service get pensions calculated on the basis of one per cent for each year of service. Compensation at the time the plan went into effect is used in all calculations. However, if an employee gets a raise in pay sufficient, under the formula, to entitle him to an increase in his pension of \$5 a month, the increase is applied for on the next anniversary date of the plan. Similarly, with pay reductions that would result in \$5 less monthly benefits than formerly.

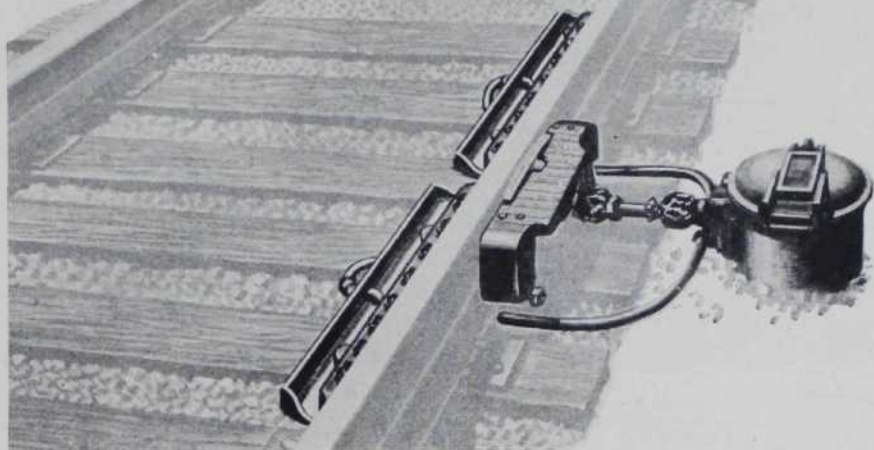
### Choice of annuities

UNDER the plan, employees have several options. For example, take a male employee who, under standard provisions, would get a monthly income of \$100 beginning at age 65 and continuing as long as he may live, with the further guarantee that if he dies before 120 monthly payments have been made, the balance of the payments would be paid to his beneficiary.

Instead, he could elect to take \$109.25 per month for life with income ceasing upon his death. Or he could take \$80.18 as long as he lives, with payments guaranteed for at least 20 years. Or, assuming both he and his beneficiary are 65 at the time retirement income begins, he could choose to take \$92.84 per month during the joint lifetime of himself and his beneficiary with \$61.89 per month continued during the lifetime of the survivor.

There are withdrawal benefits, too. If his employment is terminated, voluntarily or involun-

## How a little *Squirt* takes the fight out of friction!



Pulling a train around a curve takes extra locomotive power due to the friction of the wheels against the rails.

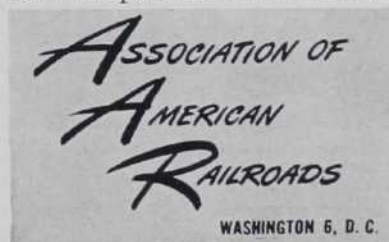
But another, and more serious, effect of this friction was the way steel wheel flanges *ground off* the rail head, making it necessary to replace the rail on sharp curves every few years.

So railroad research engineers developed an ingenious "flange-lubricator" which is installed on curves. As the train approaches the curve, the car wheels come in contact with a tripper bar which automatically squirts a measured amount of lubricant against the flanges. Friction is reduced to a minimum... the locomotive load is lessened... and the outside rails on curves wear two or three times longer.

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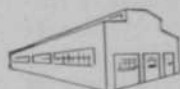
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tarly, and he has ten years of participation, he can surrender the contract for cash, continue it on his own behalf, surrender a portion and continue the balance for a reduced amount, or take a paid-up contract for a reduced amount of pension.

If the employee dies before normal retirement age and is insurable when he enters the plan, his beneficiary gets the face amount of his contract (100 times the monthly income at retirement) or the cash surrender value, whichever is greater.

What are the advantages and disadvantages of using this type of funding?

"Most employers," says one authority, "find the cost rather high for the number of employees they wish to include in the plan."

### Costs of insurance

EACH employee, he points out, is insured up to normal retirement age, 100 per cent. Yet, if mortality follows one particular mortality table, for instance, then out of a very large group of employees at exact age 35, less than 65 per cent will be alive at 65. Moreover, because of labor turnover, 20 per cent of the employees may not be with the employer at 65. Thus, only about 45 per cent would be left, eligible for retirement at 65.

"Thus," emphasizes this authority, "the employer may be insuring many employees who won't be with him—an expensive procedure."

Proponents of the plan have counterbalancing arguments.

They point out, for one thing, that turnover can be discounted. Frequently, the employer knows from his records that, for example, a male employee of 25 who has been with him for at least three years is much more likely to remain indefinitely than a younger man with less service. He may have similar criteria for women workers. By setting up age and waiting period standards for eligibility, he can take care of the turnover factor. Moreover, they insist, the plan itself will tend to reduce turnover.

They go on to emphasize that the insurance element may be a very important feature. "In the case of younger employees," says Lambert M. Huppeler, head of his own company specializing in setting up pension plans for all kinds of firms, "it is commonly accepted that their primary concern is to provide for their families in the event of their own premature death. If one of the primary ob-

jectives of a pension plan is the promotion of a satisfactory employer-employee relationship then, in the case of the younger employees, it seems that the establishment of a death benefit would attain this goal more readily than the retirement pension.

"With older employees whose families are grown," he adds, "naturally the retirement pension is of primary importance as it provides for their own old age. However, whether or not death benefits should be included is a matter for the employer to decide and while the final decision will necessarily be influenced by cost and other factors, the value of death benefits must not be underestimated or overlooked."

Proponents also point out that the cost of such a plan may be lowered in various ways. In the example given, gross annual cost to the employer is 17.7 per cent of the payroll of participating employees. However, the annual premium cost will decrease rapidly after a few years as older employees begin to retire. Cost for younger replacements will be substantially less. Further reductions will come as deaths of older employees permit replacements by younger ones.

Moreover, depending upon the individual situation, initial outlay can be reduced. One measure is to set a maximum for the pension. Another has been to make use of employee contributions. It's not uncommon for the employee to pay one quarter to one third of the cost.

### Employees join in plan

ONE small company instituting a plan using individual retirement income contracts put the decision up to employees. It could, it announced, afford to undertake an expense which would give just so much retirement income to each employee. It would be glad to proceed on this basis. Or a plan could be installed providing increased benefits if employees chose to contribute. All workers elected to pay one third the cost.

The methods mentioned, singly or in combination (and individual annuity contracts in smaller amounts can be combined with deferred profit-sharing) are those which are being used increasingly by the small business man.

Recently, too, there has been a development which may prove of importance to the very small employer who sees only one solution for himself—deferred profit-sharing—but who has been held back



because of the cost of setting it up and administering it.

In 1948, the Detroit Trust Company originated a pool system for small banks which want to use the deferred profit-sharing type of plan. It was designed for the 400 members of the Michigan Bankers Association, many of them banks with just two or three employees.

Each bank can decide what percentage of annual profits to set aside for retirement purposes and can decide how it wants to score employees and credit them with their shares.

But costs for each bank are greatly reduced. A member bank does not have to have its own agreement drafted at a cost that usually runs around \$1,000 before any money is contributed to the fund. Cost of administration is cut, too. Usually a bank serving as trustee for a company's plan charges for its services on the basis of number of employees and amount in the fund and may have a minimum fee of \$200 a year. Under the Detroit plan, there is a basic minimum fee of \$50 a year for banks employing up to five people. Each additional group of five employees costs \$25 more.

Not only have Michigan banks been quick to join the pool, but the Detroit Trust has been flooded with inquiries from automobile dealers, aircraft parts firms and other types of businesses.

### Plan widely adaptable

IN a recent letter to the author, Vance L. Desmond wrote: "It is only necessary to change the wording of the plan to make it applicable to any other type of association, and we have at present another association in Michigan which is going to adopt this same plan for its industry."

Meanwhile, William Winans, a New York attorney specializing in drawing up profit-sharing retirement plans for small companies, told me that he saw no reason why a group of, say, ten small firms couldn't get an attorney to draw up agreements for them, much alike in principle. If the attorney's normal fee for a single agreement were \$1,000, for example, Winans foresaw that a fee of \$2,000 might well cover the additional work involved in drawing up ten agreements so that each firm would pay \$200.

Banking authorities, too, have told me that such a group of companies would probably find that a bank could serve as trustee for



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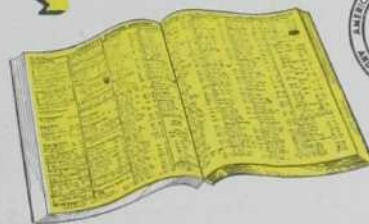
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If you're interested in setting up a retirement or other benefit plan for your employees, how can you proceed?

1. The first step—and a vital one—is the realization that no one plan is automatically best for you. The most effective plan can be arrived at only after thorough study. It must be based on the requirements of the individual employer-employee group. It must take into consideration such factors as past earnings records and future outlook, number of employees and their ages and salaries. Alternatives must be investigated and even combinations considered.

2. Get expert help. Your insurance agent may be of value particularly if he represents a company active in the pension field. Your attorney may be of service and, if he has no experience in this field, the Real Property, Probate and Trust Division of the American Bar Association, 1140 North Dearborn Street, Chicago 10, Ill., may be able to provide the name of a qualified lawyer for this type of work near you. Your local bank can help, too. If it doesn't have

them available, it may be able to obtain details of plans, even actual agreement forms, from larger banks.

3. Work up, or have worked up for you, a plan designed to fit your situation. If you decide on a fixed-commitment type of plan, remember that it's advisable, even at the sacrifice of some values, to keep the outlay at a rate in relation to payroll that you can reasonably expect to carry in good times and bad. For, if a pension plan is discontinued within a ten-year period from inception, tax liabilities may be retroactively incurred unless the employer can prove that discontinuance is caused by "business necessity." And so far the Bureau of Internal Revenue has not stated just what constitutes business necessity beyond insolvency or bankruptcy.

Chances are, you can find the plan you need.

Chances are, too, that if you choose the proper one, you can expect many benefits: exhausted employees removed from the payroll, thus ending one hidden expense; labor turnover reduced; increased employee morale, good will, loyalty and efficiency; plus better public relations and community good will.

## Tomatoes in Your Mail

IF THE postman should inadvertently deliver your neighbor's mail to your house, don't be too surprised if some tomatoes are included with the letters and packages. Chances are they will be from Walter Pretzer of Cleveland, whose mail order business in fresh vegetables is mushrooming rapidly to all parts of the country.

The tomatoes marketed by Pretzer's Ruetenik Gardens are grown on an Ohio farm—three and a half acres of which are under glass—owned by the mail order merchant and his 13 regular employees. "Everyone on the farm has a proprietary interest in this business," says the boss, whose number of workers doubles during the summer months.

Pretzer makes capital of the claim that nearly 20 per cent of all vegetables grown commercially never reach the market because of the reluctance of retailers to buy un-

fashionable, "off-sized" vegetables. "These restrictions are largely fetishes," he says. For instance, there is no reliable demand for large tomatoes in Cleveland because grocers feel that customers won't buy them. So the Ruetenik Gardens sells its large ones in Pittsburgh where they command premium prices.

"This makes no sense to me," says Pretzer, "especially when not only tomatoes, but carrots and most other vegetables are graded without regard to food value. Off-sizes are often left in the fields."

Pretzer mails tomatoes, of all sizes, and the success of his business proves his point that housewives are able to utilize large as well as small ones. A woman, he points out, can rest assured that no every-day shopper has manhandled the tomatoes she will have for supper that night. She will receive the vegetables at her door—fresh. —IRV LEIBERMAN



# Old Fashioned Glassmaker

**I**N MOST industries the introduction of mass-production methods and equipment has made fortunes and built impressive empires. William Blenko, a glass manufacturer, has prospered by reversing the field and going back to first principles. Today, his little plant in Milton, W. Va., is turning out products in much the same manner they were made centuries ago. The stained glass in St. Patrick's Cathedral and in the Cathedral of St. John the Divine, in New York, was created by his artisans.

For years, Blenko prided himself on the ability of his workmen to make stained glass in dozens of mellow, Old World tints. Then came the depression of 1929-1933.

Blenko and his son weighed the situation, decided to make manually, freehand, blown tableware and decorative pieces. But the big question was: could their small-plant product compete with machine-made tableware?

Samples were shown to the distributor who had handled their stained glass in Boston. He became enthusiastic, placed a substantial order which proved to be the turning point. Today the plant turns out some 3,000 units daily, each of which is a masterpiece.

Each piece of glass is hand-blown. As evidence of their skill, the Blenko artisans, many of whom learned the glass blowing art from the boss, were called in several years ago by the Williamsburg, Va., Restoration people to reproduce certain pieces of centuries-old glass.

—HARRY BOTSFORD



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## ... But Play for Fun

(Continued from page 36)

associated with its training program. Using ten typical sports, he has figured out the amount of time for 1, a man in normal health, 2, a mild heart case and 3, a man with high blood pressure.

**Badminton:** Doubles can be played by a man in good health for half an hour at a time, a total of one hour daily. A cardiac case can't indulge in this game. A man with high blood pressure can play for 15 or 20 minutes, followed immediately by half an hour's rest.

**Bowling:** For a healthy man more than 40, a two-hour stint on alley or lawn is all right. The fellow with the defective heart can bowl from 15 minutes to a half hour. The hypertensive can do it one hour, roughly, but mustn't get excited.

**Calisthenics:** Setting-up exercises, while they may strike you as dull sport, are suitable for everyone: Healthy man, half hour daily. Cardiac case, special, limited exercises. Hypertensive, 20 minutes to half hour but quit when tired.

**Golf:** It's suitable for all men more than 40. Eighteen holes daily for the healthy; a level course and no more than nine holes for the cardiac, and for the man with high blood pressure, 18 holes a day for fun only.

**Hiking or walking:** One hour total per day for a healthy man, and "remember that you have to walk back." A mildly ailing heart can also take it for an hour, but its owner must sit down frequently. If high blood pressure is the problem, then the maximum is 15 to 20 minutes of walking with a half hour's rest afterwards. "Don't walk too fast," Dr. Thorburn cautions. "Speed imposes a strain on the system."

**Horseback riding:** One to two hours for the healthy man, but "no jumping—you might break a hip and bones heal slowly after 40." On a quiet horse, the cardiac may ride half an hour; the hypertensive an hour.

**Skiing:** A two-hour stretch is okay for the physically sound man. A heart case can putter around on the level ground only, and should be watched closely. The man with high blood pressure can tour for half an hour in mildly rolling country, with no big hills to climb.

**Softball:** One hour for the healthy man. Not at all for the cardiac case. One hour for the hypertensive, but "play only in the outfield and lose a base rather than run around if you get a hit."

**Swimming:** For the healthy man, a half hour and then a rest; for the cardiac, five to ten minutes if he stays in shallow water, and for the high blood pressure case, half an hour but not in water where the temperature is less than 68 degrees.

**Tennis:** Forget the singles unless it's table tennis. A couple of sets of doubles, or about one hour, for the healthy man. No tennis for the cardiac. If "for laughs only," one hour for the man with high blood pressure.

Sports such as quoits, horse-shoes or archery are suitable for all groups, within limits. Bicycling, fishing and hunting as well as rowing and canoeing can be enjoyed by the healthy and to a degree by those with high blood pressure. In general, they are ruled out for the defective heart except for limited periods under supervision.

Your physician or personal pref-



"Had any trouble with a female customer this afternoon? I'm searching for my wife"



erence may dictate passive exercise. This is for the lazy man, but it's almost as good for you as active sports. Whirlpool baths, steam baths, massages or just flopping around in a swimming pool all have a beneficial effect and are not as demanding as handball, squash or tennis.

"Swimming is one of the finest of all exercises," says Ed Dooley, manager of the New York A. C.'s baths. "Your arms and legs are strengthened by a few times around the pool, though your torso and chest don't benefit. It's also true that swimming puts on a little flesh around the abdomen."

Again, temperance in all things—even in water—is the rule. Dooley advises his middle-agers to start with a lazy 25 yards.

In the most passive exercise, discretion is still essential. "Every facility in our bath department is used at some time or other by physicians in the treatment of disease," says Dooley. "Therefore, the indiscreet use of such facilities might prove as detrimental as self-dosing with medicine." The lazy man's exercise period, he suggests, should be budgeted about as follows:

Coollest steam room (118 to 120 degrees)—five to ten minutes.

Warmest steam room (125 to 128 degrees)—not more than five.

Hot room (165 degrees)—not more than five minutes.

Coollest steam room (for cooling off)—five to ten minutes.

Warm shower (gradually letting it run cold)—five to ten minutes.

Water massage (a spout douses you at a pressure of ten to 20 pounds)—five to ten minutes. Be careful to lessen the pressure when the water is flowing on your chest or abdomen. This is a substitute for the whirlpool bath, in which the entire body is immersed in flowing water for about the same length of time.

Massage—as long as required. This relaxes the body and can, in the opinion of some doctors, substitute for 30 minutes of exercise. Then, if kinks still remain, a session under ultra-violet and infra-red lamps will take them out.

One caution in any Turkish bath: leave the steam or hot room the instant you experience any unpleasant symptom, such as dizziness or pounding of the heart. Another, of course, is to take it easy immediately after finishing the bath and massage. Many an old boy feels so healthy that he has to gulp down three or four highballs hand-running.

"A drink or two is all right, espe-



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### Steam bath for exercise

NOW of course, if you hanker for passive exercise on a massive scale, there's always the Finnish bath. You can get one in northern Minnesota or in the Finnish sections of some of our big cities. You and your friends strip and lie down on low benches in a room made blistering hot by a mound of superheated rocks. In your hand, you have some birch switches.

Then someone gets up and tosses a dipperful of cold water on the rocks. The steam comes up and the room gets hotter. This procedure is repeated as you move up a series of benches, ascending like steps, to the ceiling. This continues as long as you can stand it and, as your flesh becomes sort of parboiled, you beat it with the switches. The effect is a mild version of a cat-o'-nine-tails.

Following this ordeal, you take a cold shower or, if convenient, rush outside and roll in the snow. The finish is put on by large heavy-handed but wholly impersonal ladies who give you a thumping massage and a rubdown with a rough towel.

You leave one of these saunas, as they are called, fearing no man and ready to fight any who dares look you in the eye. Frequently, this is the outcome if you follow the custom, as described by one of our Finnish friends, and stop in the nearest bar, where you promptly kill a pint of whisky. You never felt better or younger, until the going gets tough and someone hits you on the head with a bottle. Recommended limit—once in a lifetime.

As Dr. Iago Galdston, executive secretary of the New York Academy of Medicine, says: "Exercise does not produce health, but for health a certain amount of exercise is necessary."

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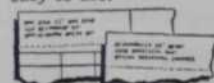
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## She Took Pity on Kitty

WHEN Mrs. H. B. Lewis of Fredericktown, Ohio, gets an idea, she does something about it. Twelve years ago it occurred to her that nobody had ever gone to much trouble to make cats happy. To a woman who loved them, this situation begged for a remedy. Cats, she reasoned, love two things dearly: 1, mice; 2, catnip. Why not, she thought, combine the two?

Today her flannel mice, stuffed with choice catnip, are the patented product of her one-woman factory in Ohio which produces 250,000 a year. Other manufacturers whom she licenses bring the annual output to more than 1,000,000. Mrs. Lewis' personal products sell in pet shops and quality department stores while the subcontract mice are confined almost exclusively to chain stores.

These vari-colored mice are mass-produced. Tons of dried catnip leaves are purchased from farmers east of the Alleghenies and in the south.



Shut-ins and convalescents stitch onto the finished bodies the mice's sewing-tape ears, bright bead eyes and heavy thread whiskers. One invalid woman has a Friday Sewing Circle which helps her double her weekly output.

New York and west coast cities are the biggest consumers, since densely populated urban areas usually have most pets. Depending on the pet's temperament, a catnip mouse is good for a couple of months of play and tossing around. A bachelor in Beverly Hills, Calif., buys monthly shipments of 30 mice, year in, year out. All 30, he stipulates, must be white, show no blemishes or fingerprints.

—JIM CONNIFF

## Diesel "KNOW-HOW" Rolls Freight Faster *on the Santa Fe*



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Ever since that first big 5400-hp Diesel locomotive rolled a hundred heavy refrigerator cars in a record run between California and Chicago, Santa Fe has been the leading exponent of freight Diesel operation. It means smoother handling, easier starts and stops, better "on-time" performance.

Santa Fe is constantly adding to its backlog of Diesel "know-how" with expansion of its Diesel fleet and its maintenance and service facilities.

For more information on how we can serve you, see your Santa Fe freight representative.

## Santa Fe all the way

F. H. ROCKWELL, General Freight Traffic Manager  
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## Loyalty Works Both Ways

(Continued from page 39)

Ability to make rapid adjustments in their standard of living helped the Zutellis to get by.

In the late '20's, things at the Ford plant were slack while the company retooled for its change from the Model T to the Model A and he sought work elsewhere. He landed a spot in the inspection department of Packard.

The pay was 37 cents an hour, but there was a bonus arrangement and, as he recalls it, when things were going good a man could make 75 cents an hour. But things didn't always go good and there were many weeks when he made as little as \$4.

Having sold their house, the Zutellis bought a lot in Hazel Park on which the only building was a garage. On week ends Zutelli remodeled it into living quarters—and in 1930 they moved in with their eldest daughter, Mary Ann, then three years old. Soon a second daughter, Ruth, was born.

Depression had hit the auto industry, but the Zutellis got along somehow on wages that averaged around \$800 a year. The only time they felt close to hardship was during the bank holiday in 1933.

"I still owed the bank \$300 on the lot and was paying off \$10 a month. We had \$60 in the savings so I wasn't too worried until the bank closed. They wanted me to keep on paying and I told them that when I got my \$60 they'd get their \$10 a month. They threatened to kick me out a couple of times and I told them to go ahead and try. I'm glad they didn't, and I finally got credit for the \$60 and I guess I was lucky because the bank never opened up again."

The thing that kept them going was free food. A seed company on the outskirts of Detroit was glad to give vegetables, from which the seeds had been extracted, to people who would haul them away.

"Sometimes we had to go in with a couple of neighbors to pool enough money for gas."

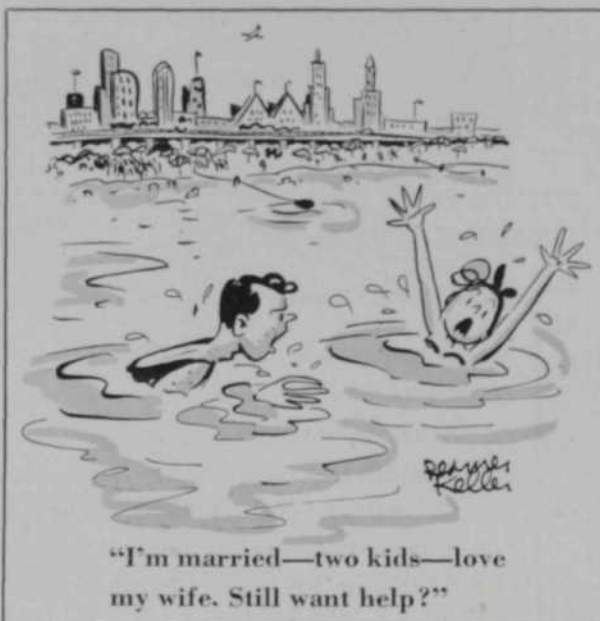
"But even when things were tough, we managed to have fun," Mrs. Zutelli interjected. "Mario got odd jobs and we had a few dollars. Once the men got a dollar's worth of tripe. Some of the neigh-

bor women helped cook it. We rigged up a big board table in the yard, spread it with sheets and had a party. Then we played cards."

There was talk of unionism in the auto shops about that time, but Zutelli didn't take much interest in it. Things had picked up a bit, he had moved on to Chrysler and was working fairly steadily.

His mother became critically ill in 1937 and one Friday night he drove back to Rockford to see her. The doctors advised him she might live for a day, or for ten years, and that if he had a job waiting in Detroit he might as well get back to it. Driving all night, he made it in time for work Monday.

"I was pretty tired by noon, so I told the foreman I didn't feel good. He looked at me, walked to a nearby window and pointed to a line of men in front of the employment office.



"Look, Dago," the foreman told me, "see all those men! Lots of them don't feel good either, but they all want work. If you don't, you can go home and stay."

Retelling the story, Zutelli said: "I guess that made a union man out of me. I'd been with the company several years and never laid off a day—and then to have something like that handed out."

Zutelli credits the union with having done a lot of good for the rank and file, more so in relation to working conditions than to wages.

"At least now they don't drive you all the time," he says.

Let him feel that higher pro-

ductivity comes from his know-how, a short cut he uses, some contribution he makes to increased efficiency, and it's fine. Let him feel that he's being driven, speeded up, and it's wrong.

The opinion prevails that as long as the union was fighting for a foothold in an open-shop city, a good deal of the rough stuff of the organization period was inevitable.

But if both sides would forget a lot of the past and think about the future, a great deal more could be accomplished by bargaining than by doing battle.

"Take grievances," he says, for example. "Most of 'em could be settled on the spot if the foremen and superintendents wanted to. They used to have things their own way and they don't like the union talking up. So they just say 'No' to anything we ask for. They want you to know who's boss when it comes to giving orders. But they want to pass the buck if it means giving in on anything."

"I'd say that 90 per cent of the trouble would never get started if we got fast action on grievances. Getting turned down with a good reason isn't so bad if you get action."

"Take a case in my department. A bunch of guys had been put on new jobs they said rated four cents more an hour than they were getting. They took it up with the steward and he took it up with the superintendent. About three weeks went by and nothing happened. One day one of the guys got sore about the four cents an hour he'd been losing. Pretty soon some other guys got sore and, before you knew it, there was a walkout."

There is something of a paradox in the way Zutelli looks at walkouts—one that he admits readily. Recently he lost several days' work because of a wildcat strike in the plant of a parts supplier and he was vehement in his denunciation of the wildcatters. Not only did it mean a smaller pay check, but it was the kind of thing that gives the union a black eye in the public mind.

But, Zutelli admitted, he'd taken part in a walkout over an unsettled grievance in his department. As a result, workers in a number of other departments had to be laid off. In this case, he felt the action was justified because he thought that the union itself was



threatened. That other workers lost time because of the dispute was "just too bad."

"If we'd let that grievance go, we'd have been admitting that the union was powerless in bargaining," is his explanation. And, whenever he feels that the existence of his union is threatened, he's ready to fight to a finish.

But most walkouts do not involve the issue of unionism and these Zutelli opposes. He thinks that, with company cooperation, the union could enforce discipline to prevent wildcat strikes.

"It would be a good thing all around if we could. But the men would have to have confidence that the company was acting in good faith. As long as the men can't trust the company to bargain, the union just couldn't get by with it," he says.

Zutelli heartily dislikes communists and believes they are a lot more interested in keeping trouble stirred up than in the welfare of the average worker. But he admits they exert an influence in the labor movement far out of proportion to their numbers. He says that part of the fault lies with men who fail to take an active part in union affairs and let things go to the commies by default. Part of the fault lies with management when it fails to take prompt action on grievances; when it declines to bargain and thus provides ammunition for agitators.

### Could reduce lefties

"THE company could cut the ground out from under the lefties by treating us like men," Zutelli says.

"You'd think," he adds, "that the company would let us in on some of the things that affect our jobs. You get a lot of outhouse rumor in a factory. Not long ago we heard there was going to be a lay-off. The word came down the line there was nothing to it. That night we got home and read in the headlines we were laid off indefinitely. Do you think that kind of stuff makes you love the company?"

In asking for information from the company on things that affect his job, he's not concerned with balance sheets or profit-and-loss statements.

"Do they ever tell us why there's going to be a lay-off? No. But it's not only that. We're supposed to get clean coveralls on Friday mornings. One Friday when they weren't given out, they didn't even bother to explain that the laundry was late and the coveralls would

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be passed out in the afternoon. So a few gripers got a lot of trouble stirred up by saying the company was trying to chisel."

Being treated like a man covers more ground than information. Little human considerations enter into it, Zutelli explains. One afternoon, the plant shut down early. None of the street cars that arrived in great numbers at regular quitting time was on hand. Most of the men got home as late as usual, despite the loss of an hour and a half's pay.

"You couldn't tell us the company didn't know enough in advance to call the traction company to get some cars down there. Losing the pay wouldn't have seemed so bad if the company had showed even that much consideration."

## Management too impersonal

ZUTELLI recognizes there is something inherently impersonal in the system of mass production which made possible the growth of the auto industry and which created his job. At the same time he thinks management could do more to recognize the importance of the worker.

When he thinks about workaday routine, he sees management personified in his foremen and superintendents, the men with whom he has regular contact, either personally or through his steward. But sometimes he thinks of management on the impersonal basis of "the company."

"I guess I'm just the kind of a guy who likes a feeling of being loyal to his company and wants his company to be loyal to him," is the way he expresses his desire for a sense of accomplishment, a sense of belonging.

Zutelli believes that he's just a little better off now than he was in the '30's. This is because he got in his share of overtime during the '40's, which enabled him to put a house on his property, buy some new furniture and pay off his debts.

Mrs. Zutelli, who manages the family budget, says the reason they're better off is because their two daughters work, pay board and because a paper route gives their 14 year old son, Bob, spending money. The higher cost of living prevents Zutelli's salary from going farther than it did before the war. Last year, one of the best he ever had, he grossed \$4,200.

Although he considers himself an independent thinker, Zutelli confesses that some of his views are colored by union doctrine.

Such is the case with the Taft-Hartley Act.

"It's too one-sided," he says, and then quickly adds that he doesn't really know what the law provides or how it affects his job.

Yes, he believes that unions should be responsible. No, he doesn't think that union membership should be a requirement for getting a job. And recalling his own experiences as a youth in Chicago, when he wanted to become an apprentice and couldn't, he's outspoken in his opinion that any man should have the right to learn the trade he wants to follow. But he does feel that if a man plans to work permanently in a shop where there is a union majority, he should pay his share of the cost. Members get their money's worth for the \$1.50 a month dues they pay and why should anyone get the benefits free?

Much of the proposed social legislation now being debated fails to excite him one way or the other.

Minimum-wage legislation?

"If a guy wants to go to work for 50 cents an hour, let him go. It won't be long before he'll be asking for a raise and the Government won't have to tell him, either."

Pensions for workers in the auto industry?

"Maybe, after a guy has worked in a shop all his life he'll want to take it easy when he's 65. But I haven't thought about it much. Hell, I'm still young."

## Negotiate first

REVISION of the labor laws?

"We had to have a law to get the union started and maybe we still need one—I guess we do. Let the union and the company settle what they can by negotiation, and leave the rest to the umpire. But if I were going to write a law I'd have it say that an employer had to work a year on the line. If he got to know what it was like to tighten 144 screws an hour, eight hours a day, I don't think you'd have much trouble."

"You know," he added, "we've been hearing for years that the companies want to move out of Detroit, go some place where the pay scale is lower and where guys will work harder. That kind of talk doesn't help any. But let them go. It'll be pretty hard for them to find some place where they can get away from people."

And then Zutelli looked at his watch and said apologetically:

"Gosh, it's late and I've got to go to work tomorrow."



## Can We Afford Young Drivers?

(Continued from page 33)

assigned risk rose from 179 in 1941 to approximately 26,000 last year—mostly because young drivers could get insured no other way.

This was not so much because young drivers had become worse drivers—and so worse risks—as because the high losses of the insurance companies in the period just after the war made them more selective in accepting business. Furthermore, insurance company officials explain, the rapid expansion of demand for insurance, as cars began rolling again, strained their legal capacity to write insurance on the basis of previously earned reserves. And when they began to find themselves approaching their legal limits, the companies quite naturally began to weed out the higher risks. That is why it took some persuasion to get Bob Foster's jalopy accepted—and why many young drivers had to resort to the assigned-risk plan.

This was a temporary situation, however, and is already changing, insurance men tell me. With reserves now built up, and a buyers' market developing, the companies are becoming much less prone to turn business away, if the risk is at all insurable. From now on, it seems, it is going to be easier to get young-driver risks insured.

### Claims may go higher

WHAT that is going to mean in terms of claims against the insurance companies, and costs to us who pay the premiums, remains to be seen. It is only on the basis of actuarial figures compiled over two or three years that rates accurately reflect the accident statistics, but some further increase is already indicated, the statisticians say. At a New York hearing recently, an increase of eight per cent was tentatively suggested.

In the meantime, the experience of the insurance companies under the assigned-risk plan is hardly reassuring as to the effect more insured young drivers will have on rates. In the early years of the plan, when most of those insured under it were people with previous bad driving records, the companies were pleasantly surprised to discover that their loss ratio on assigned-risk business turned out to be modest. It was a last chance for those insured to keep on driving, and they tended to take it easy and

keep out of accidents. But when their ranks were swollen by young drivers—even though few of them had previously been in accidents—the loss ratio jumped to such a point that it became the worst business most companies had. A recent compilation of losses in 19 states shows bodily injury claims amounting to 82 per cent of earned premiums and property damage claims amounting to 68 per cent. And in at least four states the bodily injury claims considerably exceeded earned premiums; in one, they amounted to 171 per cent.

### Tomorrow's customers

WHAT is the answer? Should the insurance companies get still tougher about insuring young drivers, in order to keep the cost of insurance down for the rest of us? They don't think so. In fact, most of the insurance people with whom I have talked are not too happy about having had to get tough at all. These are their customers of tomorrow; they want their good will. Moreover, they know that it would be insane as well as futile to try to keep Young America from driving. "After all," says Julien H. Harvey, manager of the accident prevention department of the Association of Casualty and Surety Companies, "there are more than 1,000,000 boys and girls coming of driving age every year. Most of them are going to drive. Nobody can stop them, and nobody should. Driving is going to be one of the most important things in their lives. The problem isn't to keep them from behind the wheel; it is to keep them out of accidents—now and later."

The way to do that, Harvey thinks, is through driver education in our high schools; and for 15 years the insurance companies, through the Association of Casualty and Surety Companies, have been taking the lead in promoting such courses and helping to get them set up. I talked with one insurance executive whose own son had been killed in an automobile accident; moved by this personal tragedy, he had become one of the most energetic supporters of driver education. Yet the basic motive of the insurance companies in spending millions, as they have, to try to get more young drivers started right is frankly self-interest.

"We want to keep accidents



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down," an insurance company president pointed out, "to keep our losses down. And we want to keep losses down to keep rates down. Insurance is a volume business, and when rates are too high, volume suffers."

And so the Association, through a division called the National Conservation Bureau, not only carries on a promotion campaign for driver education in the high schools,

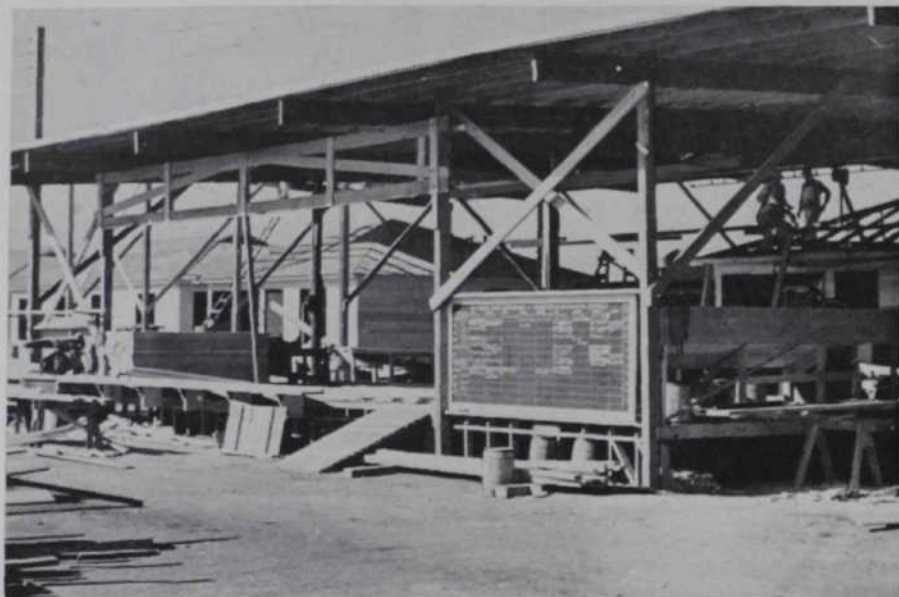
but maintains a staff of educators to train teachers, and publishes the basic textbook and other material used in most schools that have such courses.

"We think this is not only the best way to attack the young-driver problem," says Harvey, "but a long-overdue approach to the whole problem of motorcar accidents. The young drivers, even though they seem to be the worst

offenders, are far from the only ones. Altogether too many of us older people have driving habits ranging from poor to terrible. The more young drivers we can catch at the very beginning of their driving careers, and give them the knowledge and attitudes that make for safe driving habits, the fewer unsafe drivers of all ages we'll have in the years ahead."

Dr. Herbert J. Stack, director of

## A New Answer to Housing Problems



**A** DIFFERENT kind of house factory, born in the Far West, is creeping eastward. Each factory is hometown financed and operated. Its products are standard construction, double-walled bungalows, like any other houses—but they emerge from the factory to go scooting away on wheels to the buyer's lot. There these four- to six-room houses shed their wheels and settle down on standard concrete foundations.

Union labor does the job. FHA and GI loans are granted freely; and local building codes are met.

Hugh Curran, a Bakersfield, Calif., building supply dealer developed this new building technique of moving the completed product rather than the factory. One chance order, for a small home solid enough to stand possible moving later, started it.

"Well, as long as you think the house may eventually have to be moved," Curran asked, "why not build it right here, where everything is convenient, then move it to your property?"

They did; and the savings proved so substantial and moving costs so moderate that Curran promptly set up an assembly line. Eventually he had a production line like that of an automobile factory; houses were started at one end of a long line, and moved steadily along to completion at the other end. There they were loaded on moving rigs and hauled off to owners' lots where foundations already had been poured. Soon this assembly line was turning out a house a day—and it's all just a two-year story.

Similar plants have been licensed in San Jose, Palo Alto, Stockton, San Diego, Oxnard and Sacramento, Calif., Reno and Las Vegas, Nev., Phoenix and Tucson, Ariz., Albuquerque, N. M., and Milwaukee, Wis. Curran has set up to guide this national expansion a parent corporation, the Mobilhome Corporation of America, which licenses new plants, permitting their use of his patents and processes. Models and prices vary from plant to plant since each factory

builds primarily for its local area to fit local codes and climates.

The models produced at Bakersfield are 24 to 26 feet wide, and up to 48 feet long.

The assembly line itself is some 600 feet long, with ten houses moving along on it in varying stages of completion. Platforms, at door-step height, stretch the length of the line on each side for workers' convenience. Sheds border the long platform on one side of the line, for convenient storage of furnaces, water heaters and other fixtures.

Lumber is precut at power saws alongside the line; cabinet work is assembled beforehand, in a shop nearby. Plumbing, too, is assembled as far as possible before being carried into the houses. Lumber sizes are ordered with an eye on basic design, and as a result there is little waste material. No workman ever stands around waiting for anything. The precut materials he needs always reach him when he needs them—and where he needs them.

Under the last position on the assembly line is a shallow, broad pit, open at the end. As the house reaches this position, it is jacked up about 18 inches off assembly line rollers. A truck backs the moving rig in under it. It is lowered and towed away to the owner's lot.

At the lot, a subcontractor has completed the foundation. The mover lays a temporary ramp of heavy timbers over one endwall, and the rear wheels of the moving rig back over it, carrying the house into position above the foundation. The house is jacked up, the rig withdrawn, and it is lowered onto the mudsills affixed to the foundation walls.

There it is spiked in place; sewer, gas, water and electric connections are made; and the house is ready for occupancy.

—JACK TAYLOR



the New York University Center for Safety Education, with which the Association works closely, agrees with this point of view. "A lot of people are now driving 125 horsepower automobiles who never even learned to control themselves, to say nothing of controlling 125 horses," he says. "We used to think anybody could 'pick up' driving, but now we are beginning to realize that instruction and coaching are just as important in driving as they are in athletics or music or analytical geometry."

Dr. Stack thinks, in fact, that it is stuffy and fageyish to blame young drivers for not being good drivers when they have never been taught. It is just the old adult game, he maintains, as old as history, of ducking responsibility by a head-shaking disapproval of the younger generation—which is doing just what might be expected of it in the situation it has inherited from its elders.

When a youngster "picks up" driving, Dr. Stack points out, he usually picks up bad attitudes, too, from his parents or other drivers. He decides it is smart to sneak through a red light. He thinks of a speed cop as an opponent to be outwitted. He sees other people on the highway as nuisances with no rights. And faulty attitudes, Dr. Stack's studies indicate, are much more often at the bottom of a young-driver accident than lack of skill.

This being so, the National Conservation Bureau puts more emphasis on driver education in the classroom than on actual training behind the wheel. A combination of the two, Harvey and his associates agree, is the ideal; but they urge any community which does not feel able to maintain training cars and instructors to install the basic classroom course, anyway. The Bureau's educational staff conducts short training courses, from time to time, in universities all over the country, to which high schools may send members of their faculty to qualify them to give the course.

In Abington, Mass., a couple of years ago, Charles Frolio, high school principal, developed a plan which the Bureau has since suggested to many other communities. Frolio installed the classroom course, and enlisted the cooperation of parents for behind-the-wheel training. Under the Abington plan, the parent brings the car to school for the son's or daughter's first lesson, and sees and hears the correct technique demonstrated.

Of course, many schools throughout the country have put in both classroom work and behind-the-wheel training as a part of the regular curriculum. In many communities, local automobile dealers make cars available for the training—good business for the dealers, proponents of driver education argue, because it wins many young partisans for their particular cars. In West Virginia, the state association of dealers allots this privilege so that no one make of car will get all the good will.

In the last few years the number of high schools giving driver education courses, either with or without behind-the-wheel training, has increased tremendously. Last year it almost doubled. Of 26,000 high schools in the country, 6,000 now have such courses; and of 1,697,000 eligible students, 464,000 are enrolled. North Dakota now requires driver education for graduation from high school, and a similar law was recently passed in California, to take effect in 1951.

As an indication of the effect these courses are having, Harvey showed me a report made last year by Rudolph F. King, Massachusetts Registrar of Motor Vehicles. It showed the number of traffic accidents involving 16 and 17 year olds in that state declining steadily from 1,203 in 1941 to 642 in 1947.

At the New York University Center for Safety Education, I saw another straw in the same wind. This was a graph, based on a recent study of Connecticut highway accidents in 1936, compared with 1947-48. In 1936, the teen-agers had had the poorest record of all. In 1947-48 their record was not only improved, but in the 16 and 17 year old category it was even better than that of many of the oldsters. On the other hand, the 20 to 27 year olds, few of whom, presumably, had had driver education in high school, had a worse record in 1947-48 than in 1936; and the 20 to 25 year olds, with the worst record of all, were fully upholding the bad young-driver reputation.

With figures like that to back up its missionary efforts, the National Conservation Bureau is optimistically predicting that within ten years 90 per cent of all high school students will be learning about cars and driving—and learning right—in school. And when that happens, say the insurance men behind the Bureau, the high cost of young drivers, as far as accident losses and insurance rates are concerned, should be well on the way to being licked.

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# By My Way

By R. L. DUFFUS



## Petunia goes away

PETUNIA, the wise and amiable Duffus cat, author of many a thoughtful saying quoted in these columns, inmate of our household for more than ten years, companion of our children while they were growing up and a comfort to us after our children left home—Petunia, whom we had come to regard as something fixed and lasting, has left us. I say left us, for we are not sure as to the nature of her departure. She was a sociable and adaptable cat, soon at home in any house or company, entirely without snobbery. She did not care whether a person was rich or poor, obscure or famous. What she looked for in humanity was character—and of course a liking for cats—and if she detected those traits she asked no more. She may have found another home. She may have gone to Italy, where we went some time back. We have all known cats who wandered off and after some months sauntered quietly in again. We hope this will be the case with Petunia.

But for the moment she has joined the long list of cats we have known: Falstaff and Tinker, whom I brought home in my overcoat pockets years and years ago, Hollyhock and Frankie; all names which stir our emotions. I don't believe it is sentimentalism to let cats and dogs wind themselves into our affections. Over the years we come to associate them with many dear and memorable aspects of family life. It was so with Petunia. She was playful and full of fun, and never more so than on the last day we saw her. We shall think of her in that way, and if she has indeed found a new address we shall hope there is a child there, young enough to play with her and not young enough to squeeze her too hard.

## The small-boat sailor

I THINK I must be an optimist. When our right front tire blew out the other day as we were speeding

merrily along the parkway I found that the rear compartment of our car contained: one jack that wouldn't work, no wrench and no screw driver or other device for prying things off things. Only an optimist would have that much confidence. Because none of our tires had blown out or up for some years I thought none ever would.

I lost a little faith in myself and my judgment. But I gained some faith in human nature. A shiny new car stopped, backed out on the grass beside us and discharged a young man who had all the necessary tools and the graciousness to use them. When he had finished and had refused all reward except our thanks I asked him why he had gone to so much trouble for strangers. His answer was simple. He was a small-boat sailor. If he saw another small-boat sailor in difficulties he followed the nautical custom of going to his aid. He didn't know that motoring was a sport the way small-boat sailing is, but he couldn't help carrying over the habit of helping into motoring and other fields. He almost apologized, in fact.

We not only felt grateful as we drove off—we felt kinder. I thought what a fine world this would be if there were a few more people with the small-boat-sailor ethics.

## Baby in the house

MY WIFE and I have been entertaining our grandson. At least we hope we have. His view of the situation may be that he has been entertaining us. At the age of ten months he has tricks which ought to amuse any grandparent; he can stand up, holding on to the side of his pen or to a grown person's hand; he can crawl like nobody's business; he has a smile, amused but tolerant, for his maternal grandpa, and, of course, for his grandma and even his parents; he lets us know without hesitation when he is pleased with us and with the world, and likewise when he is not. From time to time he

produces a new tooth, although I gather that he would as soon not do this; and in many other respects he is a remarkable child. We shall miss him when he goes away. We shall miss him the more because we do not have the serious responsibility of bringing him up and making him a good and useful citizen. All we have to do is to enjoy him. Maybe a little work was involved, too, but not for me. I was not allowed to, as they say, change him.

I wonder about the things he will see and experience as he grows up. In the year 2000, which to me is incredibly remote, he will be only 52 years old. In my own lifetime I have seen the automobile come into universal use, the motion picture change from a novelty to a mass industry, the airplane develop from a bundle of sticks and fabric into an ocean-spanning miracle.

What will Butch see? Will the rate of change (and I don't mean diapers) slow down, or will the world he will know in the year 2000 make the world of today seem simple and ingenuous? I wish I could interview Butch 51 years from now. But I fear somebody else will have to do that.



## On growing older

I HAD another birthday recently. As I was already old enough to vote this did not make any real difference in my life. I am not yet old enough to be pointed to as an example of longevity and asked how I managed it. If I ever do get to that stage I shall be somewhat at a loss to explain why. I can't say that I have used or refused to use alcoholic liquor, for at various times I have done both these things. Likewise, I have smoked and I have also sworn off for longer or shorter periods. I have gone to bed both early and late and got up in the same order—though I prefer to sit up rather than get up. I will not be able to ascribe my old age to worrying or not worrying, to keeping calm or not keeping calm under difficulties, to working hard or not doing more work than I could help—I have been quite inconsistent in these respects. I have lived both in the country and in



the city. Sometimes I have exercised vigorously and at other times I haven't. In short—and I suppose this is as good a recipe for long life as any—I seem to be about average in most respects.



## Cattle crossing

IN DRIVING around the rural areas in the summer I notice signs saying that cattle are crossing, or may cross, the road. Farmers in the old days did not mind having their barns on one side of a highway and their houses as well as their pastures on the other. They may find the situation a little trying now that they have to drive their cows across twice a day and carry the milk across the same number of times. Yet one fact seems to be established: a cow will pay no attention to a red light. If one or more cows desire to cross a road, traffic had better stop. And this is as it should be. Science can and does make an automobile but it cannot make a cow; it can regulate and improve the breed; it can select the good milkers and eliminate the others; but if we want to produce a cow we have to ask Nature to help, and Nature does help, in a mysterious fashion that even the top half dozen biologists don't wholly understand.

## World's end

UP AT the Hayden Planetarium in New York City they have been putting on a show called "End of the World." The world can end, it seems, in any one of several ways: the sun can blow up; a star can smash into the sun; the sun can cool off; the earth might be struck by a comet or made uninhabitable by the moon coming too close. The planetarium people do not think any of these things will happen right away. Maybe in a few billion years—they really don't know. The way they reason, I imagine, is that if the world does come to an end they don't want any of us to say they didn't warn us.

Personally, I don't want the world to come to an end at all. With all its faults it is a pretty good sphere. I am reminded of the old story of the soldier who was condemned to death but because



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THIS MONTH some 2,250,000 American youngsters will leave home for college . . . 1,400 of them heading for The James Millikin University in Decatur, Ill.

Millikin, young as universities go, owes its existence to a local business man who envisioned an institution where young men and women, in addition to the customary college courses, could be trained for the practical duties of life—in the factory, in the office, in the school and in the home.

Following through, he donated a 35 acre tract and a sizable sum of money when others agreed to match his ante. Since then, the university has become a mighty oak with its roots firmly planted in the heart of Decatur.

Other communities have such great oaks, too. Sometimes they have been planted and nurtured by the loving care of one man. More often many men have bent to the task to make worth-while community projects possible.

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of some extenuating circumstances received his choice of the method to be employed in carrying out the sentence. He chose old age. That is how I feel about this dear old earth. Meanwhile I shall stop complaining about the weather. (Or will I?)

## Life in the zoo

A CHICAGO woman, 81, sued to divorce her husband, 86, because he worked in a zoo and used to try to get her to eat meat intended for the animals. I don't know about the merits of the case, but it reminded me of my wife's remark about some bread, intended for the animals, that she had smelled baking in the National Zoological Park in Washington, D. C. She said it was the best bread she ever smelled. If the meat were equally good I'm not sure I'd mind eating zoo fare—or even living in a zoo. After all, an inmate of a zoo doesn't have to work. He just sits around.



## Street lamps

MY MEMORY goes back to the days when Waterbury (Vt.), one of my home towns, had kerosene street lamps. A man with a little ladder went around every evening and lighted them. From time to time he also went around by day, filling the lamps and trimming the wicks. This looked to me like easy, pleasant work, but electricity came in and I never got to be a lamp-lighter. Now I understand that the General Electric Company has a street lamp that turns itself on, by means of a photoelectric thing, whenever it gets dark. Boys in New Milford, Conn., have fun putting the lights out by turning strong flashlights on the photoelectric cell; but otherwise nobody even has to throw a switch. I am glad the boys are enjoying themselves. Youth is one thing that can't be invented out of existence.

## Never trust a bee

AND EVERY now and then Nature does something that makes one wonder if civilization, as we know it, isn't a passing phase. Last summer, for instance, 200,000 bees



were found on the vacant third floor of a building in the downtown section of Paterson, N. J. They had been living there for possibly two years and had laid in 150 pounds of honey. Henry E. Neidengard of Clifton, N. J., a bee expert, got them out, and the members of a social club on the second floor of the same building stopped worrying as to whether the buzzing they heard was inside or outside their heads. But suppose 2,000,000,000 bees had decided to take over the whole city of Paterson. That is what bothers me, and that is what we will have to guard against. Personally, I wouldn't trust a bee as far as I could see him, or her, though I do like honey.

### Argentine cold wave

IN THE middle of one of the summer's hottest hot spells I read that Argentina was shivering "as the first cold wave of the winter tightened its grip on the nation." How I envied the Argentineans! Next January or February word will come that Argentina is sweltering, and no relief in sight. Again I shall envy the Argentineans. But it occurs to me that at the same time the Argentineans will be envying us, as they doubtless did last July. The lesson of this is that humanity always wants what it hasn't got and underrates what it has. And maybe a dog without fleas envies one with fleas, as well as *vice versa*.



### Summer sport

SOME of the best times I have had this summer have been while I was watering the lawn. Watering a lawn is about as genteel work as one can get, especially if one doesn't use those ingenious gadgets which crawl around and do it automatically; watering a lawn is fun if one directs the hose himself; it is fun because it keeps one from doing real work, such as mowing the lawn, and because the robins and other birds—whose names I could mention if I had time and knew them—come out and get pleased and friendly. I feel akin to Nature when I water my lawn in this fashion. The birds and I enjoy life, each in his own way.

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GOOD design combined with interesting Kawneer architectural metal products have made this a dominant store front. The entire shop is dramatized in the modern manner—merchandise is shown to best advantage—and there is a forceful invitation to enter. This modern Kawneer Store Front **BUILDS** more **SALES**—creates prestige—brings the customer back to shop again. Kawneer store front materials do that because they are designed right—because they are modern.



**and so is this...**

Here again the commanding impressions of styled-right Kawneer store front materials have been used to emphasize the striking design in this modern shoe store front. It compels attention—attracts the shopper—builds sales by inviting the customer inside. Kawneer Stock Architectural Metals provide the modern answer to sales-building modernization.

Write for information.

277 N. Front Street, Niles, Mich.;  
2577 8th Street, Berkeley, Calif.

THE  
**Kawneer**  
COMPANY

Store Front Metals • Entrances  
Aluminum Facing Materials  
Aluminum Louvered Ceilings  
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